

The background of the entire page is a photograph of a large greenhouse. The interior is filled with rows of young, vibrant green trees, likely spruce or fir, planted in a grid pattern. The greenhouse structure is made of a metal frame with translucent panels. The lighting is bright, suggesting a sunny day. The perspective is from a walkway, looking down the length of the greenhouse.

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2020 SUSTAINABILITY REPORT



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A Message from Our President & CEO, Don Kayne



We are committed to building the tomorrow we imagine possible for our people, our products and the planet we share.



2020 was primarily defined by the COVID-19 pandemic and its ongoing global implications. As businesses deemed essential services by government, Canfor and Canfor Pulp have continued to operate through the majority of the pandemic. We have remained steadfastly committed to maintaining and evolving our COVID-19 protocols and procedures based on the guidance of health protocols in our operating regions. We are strongly advocating for all of our employees to get fully vaccinated for the health and safety of themselves, their families and their colleagues.

BEGINNING AN AMBITIOUS SUSTAINABILITY JOURNEY

Despite the pandemic, 2020 was the year we decided to significantly increase our focus on sustainability. Now is our time for transformational change – change that will shape our future for generations to come.

We are proud to be starting an ambitious sustainability journey. By thinking differently about what we do, we can drive benefits not only for our planet, but for our people, communities and customers.

Our vision is to create a future as sustainable as the forests.

We are in a uniquely strong position to be a sustainability leader. Our new sustainability goals and targets that are outlined in this report are rooted

in a respect for the land, our learnings over decades of experience, our sense of responsibility and our drive for innovation and positive impact.

We are committed to building the tomorrow we imagine possible for our people, our products and the planet we all share:

- Our people and the communities we're a part of will grow and prosper through inclusion, diversity, equity and wellness every day.
- Our pulp and wood products will become even more sustainable and responsible in the way they're sourced and manufactured, and we'll continue to work in partnership with our valued customers.
- And the planet we share will become more resilient with processes and products that play an integral role in helping to fight climate change.

This will be a journey for our organization. It will take years of planning, investment, implementation and commitment from all of our people. Every investment and every decision we make as a company and every individual action and contribution from our people will shape our success.

We know that the journey won't be easy, but we are resilient and committed. We'll learn from our missteps along the way and build on our success to create momentum, excitement and pride.



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OUR 2020 SUSTAINABILITY ACCOMPLISHMENTS

While 2020 was a uniquely challenging year in many ways, we were able to achieve some key milestones.

- We planted over 64 million trees. And over the last 20 years we've planted more than 1 billion trees.
- We continued to improve our safety performance with a company-wide Total Recordable Incident Frequency (TRIF) of 1.6, well below our 2020 target of 2.0. We are working towards a workplace free of incidents.
- We started to build our Bio-Innovation team, who will explore long-term economic growth through

diversification of sustainable products and lower-impact business solutions. This includes opportunities in the areas of biofuels, biochemicals and biomaterials.

- We continued to make progress on Arbios BioTech, our joint venture to convert wood residues and other biomass into renewable biofuels and biochemicals. In early 2021 we were excited to announce that Prince George, B.C. has been selected as the first-of-a-kind commercial facility for this project.
- We developed a carbon inventory of our Scope 1 and Scope 2 emissions and are planning for an assessment of our Scope 3 emissions.

- In 2020, 11% of our new hires were women. There is more that needs to be done and we are dedicated to improving the inclusion and diversity of our workforce. We've conducted inclusion and diversity training with 85% of our Canadian salaried staff, 78% of our U.S. salaried staff and 100% of our executive team.

We know there is still much more work to be done. We are committed to doing the work and continuing to improve our sustainability performance for the benefit of our people, our communities and the planet we all share.

FRAMING OUR FUTURE

Over the coming years we will further define our sustainability goals and targets, and implement a comprehensive roadmap in our journey to become a sustainability leader in the forest sector.

This is how we will continue to frame the future for a more sustainable Canfor.

Don Kayne
President & CEO, Canfor





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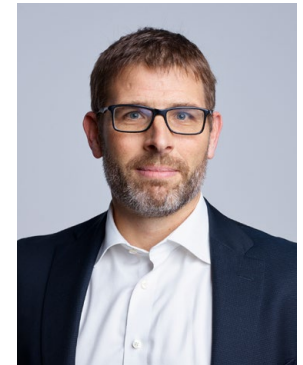
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A Message from Our CFO, Canfor & Canfor Pulp, and SVP, Sustainability, Pat Elliott

We are at the beginning of an extensive journey that will take time and resources and we are committed to doing the work.



In 2020, I was excited to have sustainability added to my portfolio as Canfor started its journey to chart a new and ambitious path forward to become a global leader in sustainability.

The journey began with starting to build a team of dedicated sustainability resources, including the position of Director, Environment & Sustainability, and deepening our expertise embedded across the organization. With a focus on broad company collaboration, we established the Sustainability Working Committee, a group that is representative of all areas of the business to provide critical input as we developed our broader strategy.

With strong support from the Executive Team, we undertook a process to identify the sustainability topics that are

critical to our business, stakeholders and partners and will have the greatest potential to make a meaningful impact on our company and the world. These are described as our 12 material topics and each topic aligns with one of our three pillars: People, Planet and Products.

We have set a vision to create a future as sustainable as the forests. I invite you to review our Sustainability Framework on [page 21](#).

We have also assessed our material topics and associated goals against the United Nations' 17 Sustainable Development Goals (UN SDGs). Our sustainability strategy supports the UN SDG agenda and we believe makes the most meaningful contribution to five goals in particular which are outlined on [page 27](#).

This report, which follows the Global Reporting Initiative (GRI) Standards and Reporting Principles, provides a transparent view of our current sustainability performance and progress towards our goals. Using this framework, we can guide our strategy, align our sustainability ambitions with actions, and position ourselves for long-term growth and impact.

With our new sustainability strategy in place, we are committed to increasing transparency and reporting. In particular, over the next three years, we plan to increase our transparency on climate disclosures. We will align our disclosures with the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and report our data to the CDP (formerly known as

Carbon Disclosure Project). During this time, we will also work to add material sustainability information to align with the standards of the Sustainability Accounting Standards Board (SASB).

We recognize that we are at the beginning of an extensive journey, which will take time and resources to implement. We are committed to doing the work and working towards a new, more sustainable future for Canfor, our people, our communities and the planet.

I look forward to continuing to update you on our progress.

Pat Elliott
CFO, Canfor & Canfor Pulp, and SVP, Sustainability, Canfor



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Our Response to COVID-19

COVID-19 has brought unprecedented challenges to our people, our communities, our business and the world.

In response, we took action to ensure the safety and wellness of our people and protect the long-term sustainability of our business.

Health and Safety Response

The health and wellness of Canfor employees and contractors, their families and our communities are our top priority. To that end, we swiftly implemented significant measures grounded in the recommendations of public health officials in each of our operating regions. These included implementing mask mandates, physical distancing between individuals, increasing cleaning and sanitization in workplaces, and where possible, instructing employees to work remotely to reduce contact. All travel

was restricted, and self-isolation was mandated for returned travelers and any employees exhibiting symptoms or exposed to the virus. In addition to taking steps focused on physical health, we recognized that many people were experiencing stress and anxiety related to the pandemic. As a result, we expanded our outreach and communication regarding the mental health support services available to employees and their families. See [page 37](#) for additional details regarding Canfor's COVID-19 response.

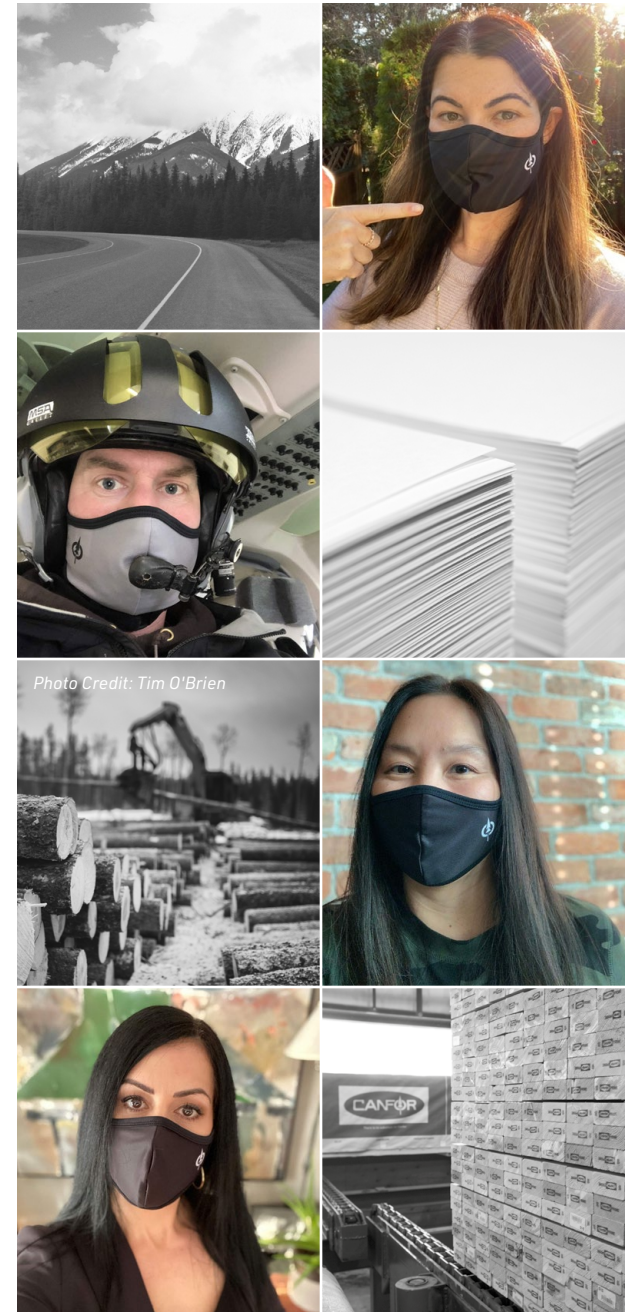


Photo Credit: Tim O'Brien



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Operational Response

The COVID-19 outbreak impacted global demand for forest products and disrupted supply chain networks. As a result, Canfor made temporary changes to our operating schedule early in the pandemic.

CAPACITY REDUCTIONS

In response to the sharp fall in global lumber demand and pricing, we were forced to make extensive capacity reductions in the second quarter of 2020 across all three of our sawmill operating regions. Lumber production curtailments across our regions totalled approximately 370 million board feet (including our Vida sawmills). Given the reduced lumber sawmill operating rates in the B.C. Interior, and the associated material reduction in residual fibre

supply, our pulp mills also experienced material production downtime. That spanned the second and third quarters of 2020 at our three pulp mills in the Prince George, B.C. region, reducing pulp production by approximately 73,000 tonnes.

As demand for wood products began to soar in the summer of 2020, we increased our operating rate in an effort to meet the growing demand.

REDUCTION IN CAPITAL EXPENDITURES

In April 2020, we announced an immediate reduction in planned capital expenditures for Canadian and U.S. lumber and pulp operations. We achieved that by deferring planned projects and suspending in-progress initiatives that could be paused without significant impact. These reductions were reversed somewhat by increased spending later in the year as markets improved.



Photo Credit: Jesse Seniunas



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64 million
seedlings planted

100%
SFI or FSC certification of all Canfor-managed forests in Canada

99%
of U.S.-sourced timber met SFI Fibre Sourcing Standard requirements

93%
of pulp mills' fibre was from FSC- and PEFC-certified Chain of Custody sources

Reassessed our community giving program and launched "Good Things Come From Trees" in early 2021

Canfor generated enough electricity to power approximately

78,000 homes
for one year

76%
of fuel consumption was from renewable sources

11%
of new hires were women

Our company-wide total recordable incident frequency was

1.6
well-below our 2020 target of 2.0

98%
of Canadian wood products leaders trained in Indigenous Cultural Awareness and Understanding



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About Canfor

Canfor is a global leader in the manufacturing of sustainable forest products.

We've built our reputation on the quality of our products, the reliability of our service and our embrace of innovation. Our company and dedicated employees demonstrate leading environmental practices and a commitment to the communities where we operate.

We turn the fibre that enters our mills into lumber, pulp and green energy. Our lumber and pulp products are used every day around the world in innovative ways. We continue to look for new opportunities to be a leader in the supply of environmentally friendly, low-carbon solutions.





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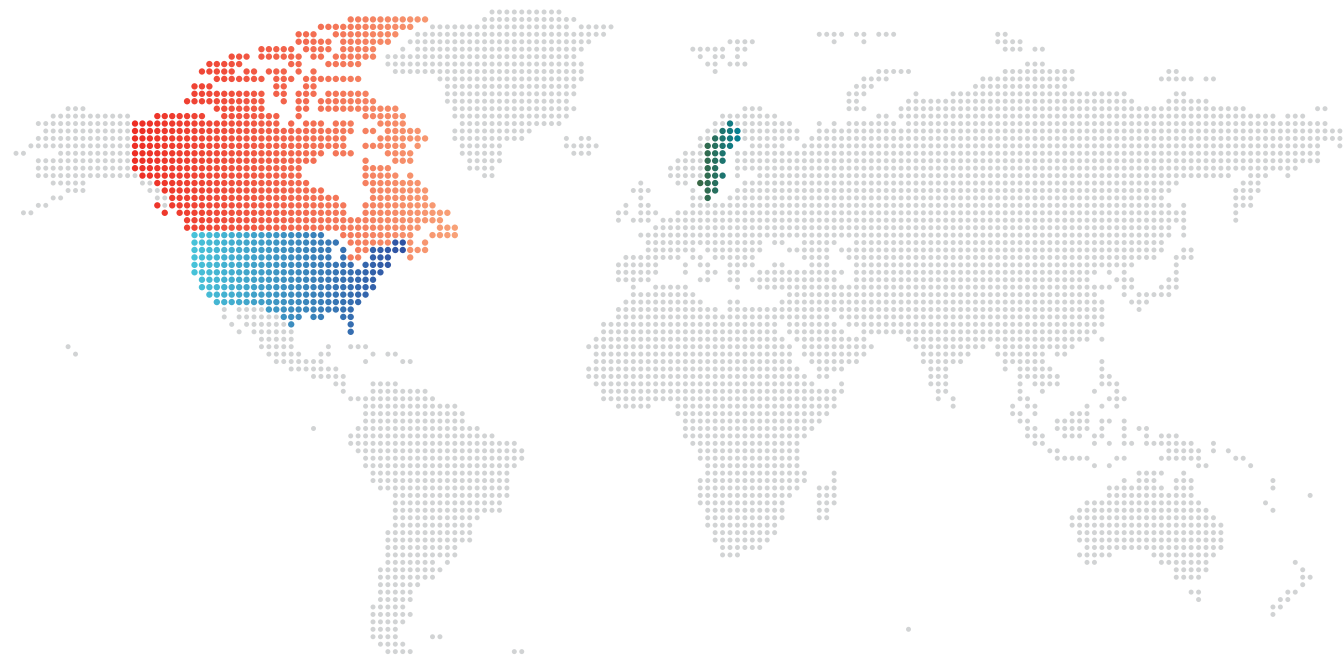
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Our Operations

Canfor manufactures wood products in three countries: Canada, the United States and Sweden. Canfor Pulp has operations in Canada with four pulp mills in British Columbia.



CANADA

As of December 2020, our Canadian operations include 17 manufacturing facilities in British Columbia and one in Alberta. In Western Canada, we also have a pulp innovation centre, nursery and corporate head office.



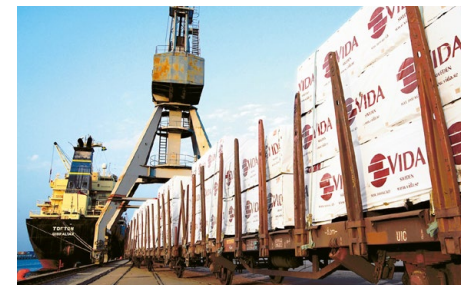
UNITED STATES

As of December 2020, in the U.S. we operate as Canfor Southern Pine (CSP). We have 15 manufacturing facilities and one trucking fleet (New South Express), as well as a corporate office in Mobile, Alabama.



SWEDEN

Canfor has 70% ownership of the Vida Group, a global supplier of manufactured products. In 2020, Vida Group purchased three sawmills from Bergs Timber. Our Swedish operations include 12 sawmills and nine value-added facilities.





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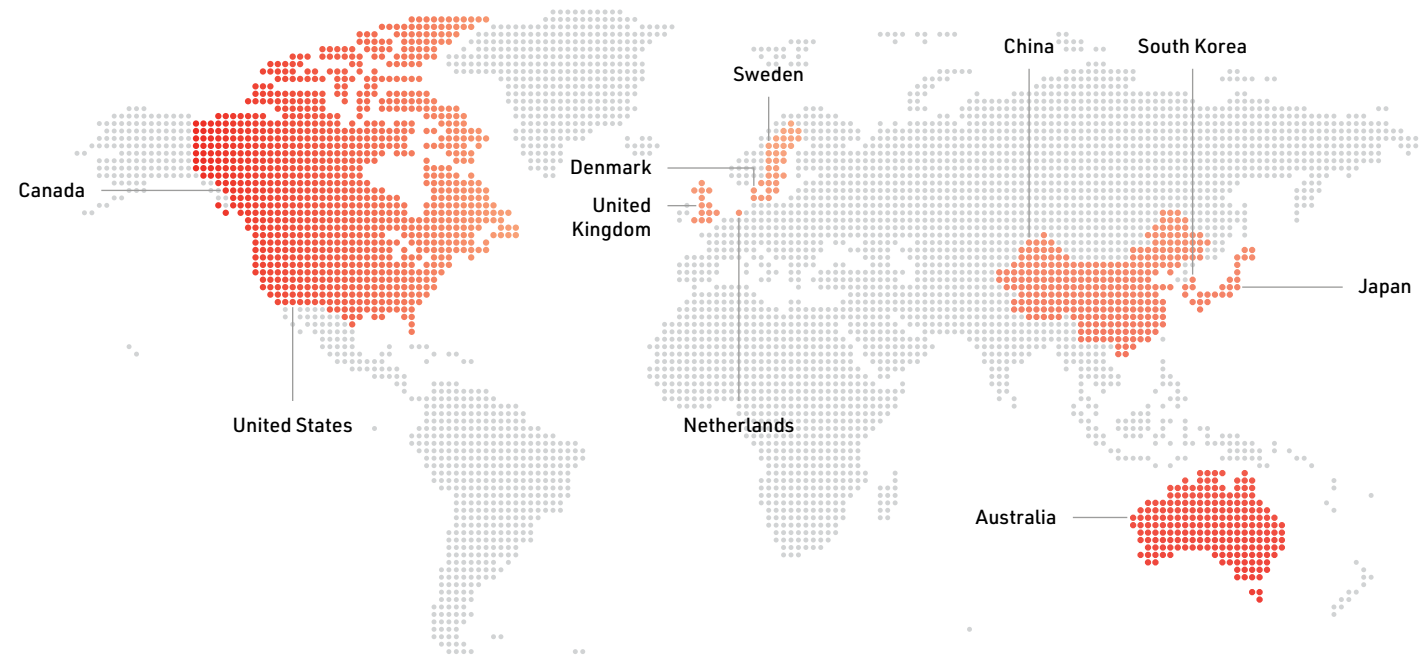
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Our Markets

Canfor markets lumber products throughout North America and overseas through our sales teams in Canada, the U.S., Japan, China, South Korea, Sweden, the United Kingdom, Denmark, the Netherlands and Australia.

We market our pulp products across North America, Asia and Europe with sales teams in Canada, China, Japan and South Korea.

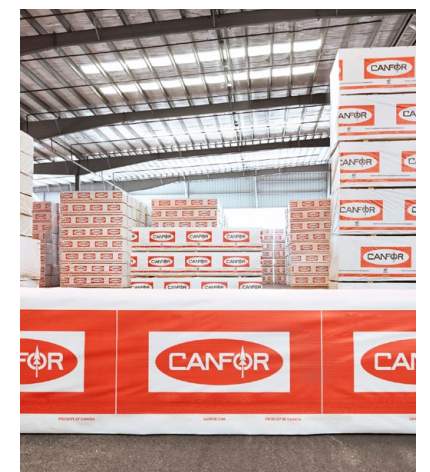
Our Customers

Canfor is focused on increasing our building products business globally and offering innovative, high-value sustainable lumber products for specific customer needs. In North America, our market segments include:

- national repair and remodelling retailers
- suppliers of homebuilders
- wholesale distributors
- industrial lumber treaters
- emerging mass timber/factory-built construction manufacturers that are seeking low-carbon products

Customers in all of our markets are looking for carbon-friendly building products to support the demand for net-zero emission buildings within five to ten years. Canfor supports our customers with innovative and sustainable product solutions that help mitigate climate change.

Our high-quality premium reinforced pulp and paper products are ideal for specialty end-use applications, tissue, packaging, printing and writing market segments. Canfor offers eco-friendly products all around the world.





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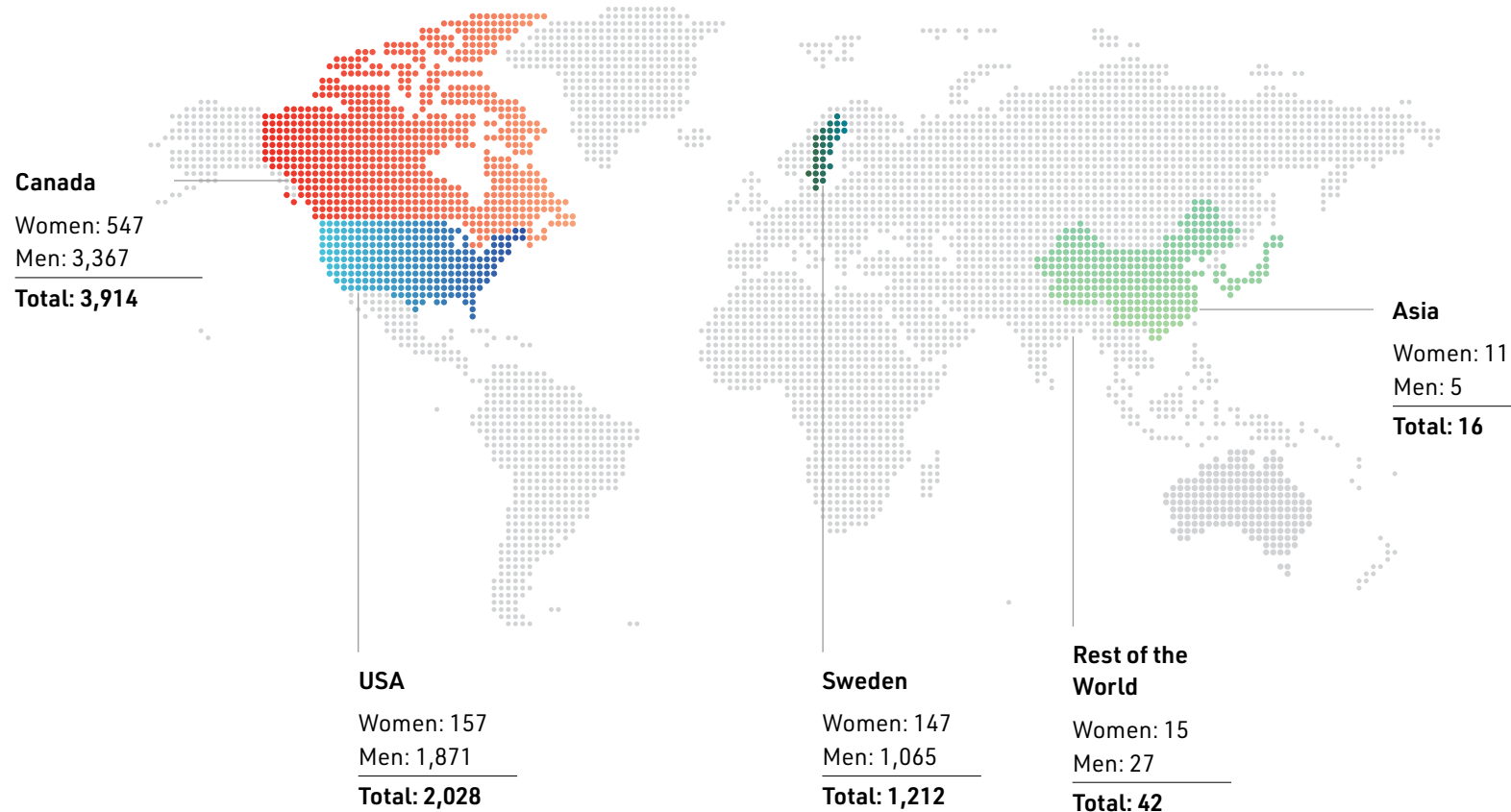
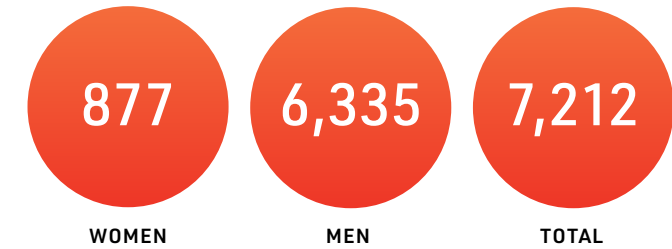
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Our People

CANFOR TOTAL EMPLOYEES¹



¹ Total employees include permanent, temporary and casual employees, and employees of Vida as of December 31, 2020.



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Canfor and Canfor Pulp's joint 2020 Sustainability Report marks a shift in our reporting as we embark on a journey to create a future as sustainable as the forests.

We are undertaking a transformation that will shape our future for generations to come. This year we worked to set ambitious goals and targets to track our progress.

In future reports we will be setting additional goals and targets. Together, they will provide our roadmap to a more sustainable future for our people, our communities and the planet.

We are excited to share our journey with our Canfor and Canfor Pulp employees, customers, prospective investors and shareholders, community members, Indigenous communities, governments, rating agencies, non-governmental organizations, suppliers and contractors and partners.

GLOBAL REPORTING INITIATIVE (GRI)

This report has been prepared in accordance with the GRI Standards: Core Option. You can find our GRI Index in the appendix on [page 107](#), as well as on the sustainability section of our website.

This report has been reviewed by Canfor's senior management and Board of Directors.

REPORTING PERIOD, ORGANIZATIONAL BOUNDARIES AND METHODOLOGY

The reporting period for information contained in the 2020 Sustainability Report covers the fiscal year ending December 31, 2020, unless otherwise stated. The scope of this report covers Canfor Corporation and Canfor Pulp Products Inc. ("Canfor Pulp") including all consolidated subsidiaries (hereinafter referred to as "Canfor" or "the Company"). The report also includes data of controlled subsidiaries on a 100% ownership basis (e.g., for a 70%-owned entity, we report 100% of the data).

Unless otherwise stated, the report excludes:

- Canfor's 70%-owned subsidiary Vida group (Vida); instead, see Vida's [2020 Sustainability Report](#)
- Canfor's 60% interest in Houston Pellet, Inc. (HPLP)
- Canfor's associates or investments
- Closed or idled operations

Data is reported using the metric system. All financial information is reported in Canadian dollars unless otherwise stated.

Where available, we include comparative data to demonstrate trends. Historical data is reported based on the scope of the report for the respective fiscal year. The scope of the report can change year to year, depending on acquisitions or sales of assets.

Any forward-looking information should be read together with the cautionary note on [page 106](#).

All photos and images used in this report were either taken prior to COVID-19 or were taken under COVID-19 safety protocols.



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CHANGES TO REPORTING IN 2020

Canfor is on a journey to expand and enhance our sustainability strategy, actions and associated reporting. As part of this journey, we have restructured our report based on our material topics, which are outlined in Our Approach to Sustainability, beginning on [page 20](#).

GOALS AND AMBITIONS

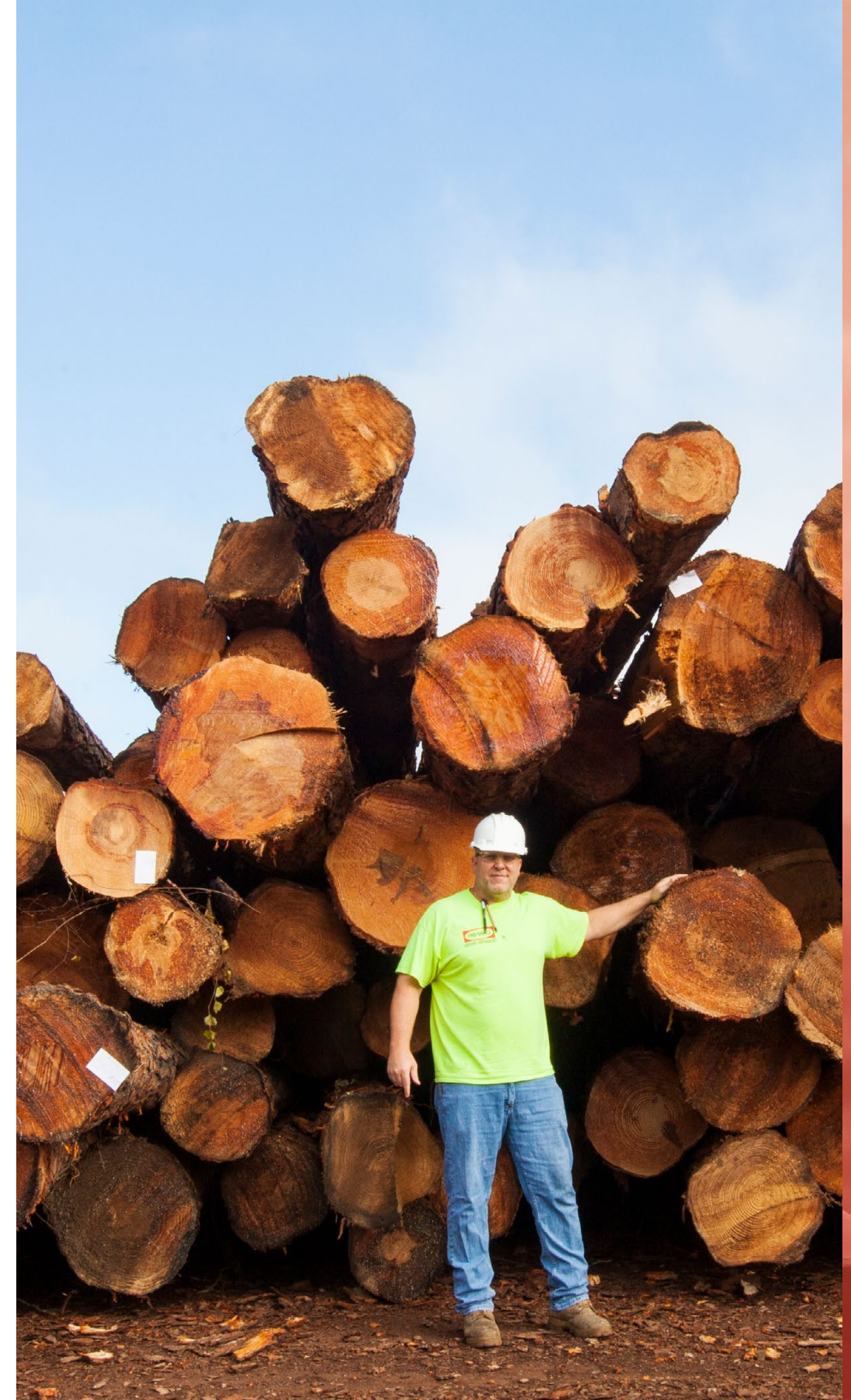
Canfor is committed to continual improvement. We're publishing this report at a time of transition while setting our sustainability ambitions. During 2020/2021, we updated our sustainability strategy, setting new goals to drive our performance. We have started by focusing this work on five material topics:

- Safety, Health & Wellness
- Inclusion & Diversity
- Indigenous Relations
- Sustainable Forestry
- Climate Change

Goal setting for the remaining material topics will be completed in the next two years. The complete list of material topics can be found on [page 26](#).

It's important to note that the sustainability performance data in this report comes from the period immediately preceding the development of our new strategy. This data does not track our progress towards achieving new goals. However, it provides a necessary baseline as we implement our comprehensive sustainability strategy in 2021 and beyond.

Certain comparative amounts for prior years have been reclassified or restated to conform with updated reporting criteria. If prior years' data is restated, it will be indicated within this report.





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THIRD-PARTY INFORMATION

This report contains hyperlinks to other websites operated by parties other than Canfor. These are provided for reference only. Canfor is not responsible for the availability of these external websites, or for the content, advertising, products or other materials shared. Inclusion of hyperlinks does not imply an endorsement of the material on these websites or any association with the website operators. Under no circumstances shall Canfor be held responsible or liable, directly or indirectly, for any loss or damage caused or alleged to have been caused in connection with the use of or reliance on any content, goods or services available on the linked websites.

COMMITMENTS

Over the next three years, as part of our journey to improve our sustainability reporting, we plan to increase our transparency on climate disclosures. We will align our disclosures to the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and report our data to the CDP (formerly known as Carbon Disclosure Project). During this time, we will also work to supplement our current disclosures with additional material sustainability information to align with the standards of the Sustainability Accounting Standards Board (SASB).



MORE INFORMATION

This report, as well as past sustainability reports, are available at our [website](#).

As we continue our sustainability journey, we welcome your feedback and suggestions at info@canfor.com.

The *2020 Sustainability Report* is part of Canfor's annual reporting suite, available [here](#), which includes the following documents:

CANFOR CORPORATION



2020 Annual Report
[View](#)

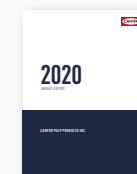


Annual Information Form
[View](#)



Information Circular
[View](#)

CANFOR PULP



2020 Annual Report
[View](#)



Annual Information Form
[View](#)



Information Circular
[View](#)



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Engagement with Stakeholders and Partners

Canfor works with a wide range of individuals and organizations who have an interest in our operations.

Identifying and engaging with these key stakeholders and partners allows us to understand their interests, identify risks and opportunities, and gauge the effectiveness of our management actions.

We identify stakeholders and partners based on the degree to which they are impacted by or have an impact on Canfor's business activities. Our list of stakeholders and partners is formed through the knowledge of our employees; consultations with public advisory groups; and open houses and presentations to local governments, associations and interest groups. We adapt our methods of engagement based on each Indigenous Nation, stakeholder or partner group's unique interests and involvement in our business activities.

Canfor recognizes that Indigenous Peoples are not stakeholders, they are rights-holders and title-holders. Indigenous communities are included in this section to highlight the shared interests of our engagement with these important partners.



Stakeholders, Partners and Special Interest Groups



Photo Credit: Jesse Seniunas



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Outreach and Engagement

Given the COVID-19 pandemic throughout the majority of 2020, Canfor used enhanced health protocols when engaging with Indigenous Nations, stakeholders and partner groups.

Under our Sustainable Forestry Initiative® (SFI) certification, we are committed to providing opportunities to discuss local forest management issues. Staff in all locations meet with local and regional representatives, and other forest users, to ensure all needs and concerns are considered when developing management plans.

At our Canadian Woodlands Operations, we track communications, actions and issues with stakeholders and other parties through our proprietary database called Creating Opportunities for Public Involvement (COPI). It tracks communications, actions and issues with stakeholders and other interested parties; provides a record of stakeholder contact information and a repository for communications; and includes spatial information that identifies areas of geographic interest and links to overlapping tenure holders such as guide outfitters, trappers and mineral tenure holders.

The following table illustrates the interests of our stakeholders, partners and special interest groups.

STAKEHOLDERS, PARTNERS & SPECIAL INTEREST GROUPS	INTERESTS		REFERENCES
Employees and Unions	<ul style="list-style-type: none"> Safe working conditions Competitive wages and benefits Workforce diversity 	<ul style="list-style-type: none"> Employee engagement Advancement opportunities Training and development 	<ul style="list-style-type: none"> People
Indigenous Communities	<ul style="list-style-type: none"> Cultural heritage, traditional use, treaty rights, Indigenous rights and title Procurement Business to business opportunities 	<ul style="list-style-type: none"> Community investment Environmental stewardship Cross-cultural understanding opportunities Employment and training opportunities 	<ul style="list-style-type: none"> Indigenous Relations Planet
Communities	<ul style="list-style-type: none"> Community enhancement Environment Safety on community roads Economic stability 	<ul style="list-style-type: none"> Responsible forest management Water and air quality (community watersheds, local airsheds) 	<ul style="list-style-type: none"> Community Engagement Air Quality Water Management Sustainable Forestry
Customers	<ul style="list-style-type: none"> Stable supply of quality products Competitive prices 	<ul style="list-style-type: none"> Responsible forest management Efficient delivery Sustainable manufacturing 	<ul style="list-style-type: none"> Product Sustainable Forestry
Shareholders	<ul style="list-style-type: none"> Economic stability Market development, expanding use of wood 	<ul style="list-style-type: none"> Return on investment Product development Responsible operations 	<ul style="list-style-type: none"> Annual Report Sustainable Forestry
Government (Provincial, State and Federal)	<ul style="list-style-type: none"> Responsible forest management Timely regeneration Research and development 	<ul style="list-style-type: none"> Compliance with laws Forest health Market development 	<ul style="list-style-type: none"> Community Engagement Sustainable Forestry
Environmental Groups and Recreationalists	<ul style="list-style-type: none"> Responsible forest management Protection of species at risk and habitat 	<ul style="list-style-type: none"> Maintenance of biodiversity Safe forest roads and access 	<ul style="list-style-type: none"> Planet
Certification Organizations and Local Public Advisory Groups	<ul style="list-style-type: none"> Certification requirements Impact on forest management 	<ul style="list-style-type: none"> Management of local issues Responsible procurement 	<ul style="list-style-type: none"> Sustainable Forestry Supply Chain Management
Post-Secondary Institutions	<ul style="list-style-type: none"> Research and development Career opportunities 	<ul style="list-style-type: none"> Recruitment 	<ul style="list-style-type: none"> Community Engagement
Private Woodlot Owners	<ul style="list-style-type: none"> Economic stability Business to business opportunities Responsible forest management 	<ul style="list-style-type: none"> Responsible operations Certification requirements 	<ul style="list-style-type: none"> Sustainable Forestry



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2020 Association Memberships and Partnerships

We are members or supporters of various industry associations, non-governmental organizations, initiatives and local community groups. We continually review our memberships to ensure they are in line with our values.

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 Alberta Forest Products Association	 American Wood Council	 B.C. Lumber Trade Council	 Canadian Standards Association Group	 Canadian Wood Council
 Council of Forest Industries (B.C.)	 Federal Forest Resource Coalition (U.S.)	 Forest Products Association of Canada	 Forest Resources Association	 Global Reporting Initiative
 ISO 14001 and ISO 9001	 National Council for Air & Stream Improvement	 Softwood Lumber Board	 Southeastern Lumber Manufacturers Association Inc.	 Partners for Environmental Progress
 Sustainable Forestry Initiative Inc.	 Forest Stewardship Council	 Programme for the Endorsement of Forest Certification	 Forest Wetland Management Stewardship Initiative	 Prince George Air Improvement Round Table



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Awards and Honours



At Canfor we invest a great deal of time and energy creating a rewarding culture. It's one that emphasizes environmental, social and economic sustainability, celebrates the contributions of our great people, provides opportunities for personal and professional growth, and prioritizes safety in everything we do.

That's why we were honoured to receive the following recognitions in 2020.



CANADIAN HR AWARDS EXCELLENCE IN DIVERSITY & INCLUSION

Canfor is committed to building a diverse workforce and an inclusive culture, to support and empower our employees through intentional programming, understanding and actions. This award reflects the significant progress we've made. Over the past year we've ramped up our inclusion and diversity programming, which

includes training all employees on unconscious bias, educating on Indigenous cultural awareness, and expanding our successful MentorMe program. While we're proud of the progress we've made, there is still a lot of great work to be done and we're continually motivated to do better.



ALABAMA TRUCKING ASSOCIATION SAFETY FLEET PRESIDENT'S AWARD

The ATA awarded New South Express (NSE) with the President's Award as Safest Fleet in the State of Alabama. NSE has 147 state-of-the-art tractor trailers that specialize in hauling lumber and wood product residuals across the U.S. southeast. In addition to the President's Award, NSE received three first-place

awards for highway safety for General Commodities Local Division, Linehaul Division and Commodities Combined. ATA's annual Fleet Safety Awards showcase the best drivers, managers and fleets in Alabama's trucking business, who are dedicated to highway and workplace safety practices.



CN ECOCONNECTIONS PARTNERSHIP PROGRAM

Canfor is proud to be one of 55 supply chain partners recognized in this year's CN EcoConnexions Partnership Program. Renewable forest products are part of the climate solution. Thanks to CN, we are working to make sure our products are also transported sustainably to reach our customers.

The program celebrates organizations committed to reducing their environmental footprint through innovative practices. It acknowledges companies for their efforts to reduce emissions through the supply chain, enhance energy efficiency and encourage sustainable building practices.



B.C.'S TOP EMPLOYERS

For the eighth consecutive year, Canfor was named one of B.C.'s Top Employers. The annual competition recognizes employers that lead their industries in offering exceptional places to work and grow. Canfor's ability to attract and retain talented people is vital to our success as a sustainable leader. This award

acknowledges our efforts to be an employer worthy of such attention from top performers. We continue to review and enhance our programs and practices to ensure we're an attractive place to develop one's career. Participating in this type of competition is one of the many ways to confirm we are on the right path.



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Our vision is to create a future as sustainable as the forests.



People

Our people and communities thrive because we are focused on inclusion, equity and wellness every day.

SAFETY, HEALTH & WELLNESS

We are committed to a zero-incident workplace and supporting the health and wellness of our people.

INCLUSION & DIVERSITY

We will foster a more inclusive and equitable culture and increase the diversity in our workforce.

INDIGENOUS RELATIONS

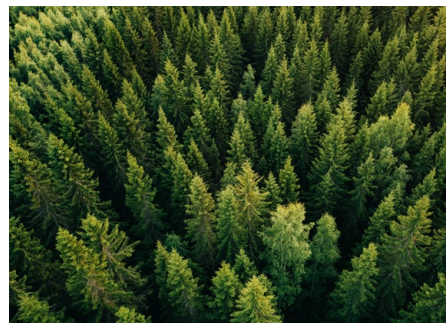
We aspire to be a partner of choice for Indigenous Peoples, a privilege afforded by fostering strong relationships and deeply respecting Indigenous histories, cultures, values, and beliefs.

HUMAN RIGHTS

We are committed to respecting human rights across our company, value chain and with stakeholders, partners and special interest groups in our communities.

COMMUNITY ENGAGEMENT

We will be an active corporate citizen focused on supporting education, community, sustainability and health initiatives.



Planet

Our practices and products play an integral role in helping to protect the planet and mitigate climate change.

SUSTAINABLE FORESTRY

We are committed to world-class sustainable forestry that will result in resilient, productive and biodiverse forests.

CLIMATE CHANGE

We are committed to playing a leading role in the transition to a low-carbon economy.

AIR QUALITY

We will continuously improve emissions management and achieve full regulatory compliance.

WATER MANAGEMENT

We will continuously improve and achieve full compliance for water usage and discharge.



Products

Our products are sustainable because our manufacturing and supply chain are optimized for responsible resource use.

SUPPLY CHAIN MANAGEMENT

We are committed to embedding sustainability throughout our supply chain.

ENERGY MANAGEMENT

We will decrease the energy intensity of the manufacturing process and continue to generate surplus clean energy.

WASTE & RESIDUALS MANAGEMENT

We will optimize fibre utilization and minimize landfill waste.



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At Canfor, sustainability informs everything we do. We take a renewable resource grown by the power of the sun, and turn it into useful, durable and sustainable products. Being a responsible steward of the environment is one of our core values and we live it every day. Our vision is to create a future as sustainable as the forests.

We begin with a deep respect for the people our business touches, the products we create, and the planet we rely on to thrive. Our Sustainability Framework (on [page 21](#)) illustrates how the three pillars of People, Planet and Products form Canfor's approach to sustainability, as well as the structure and content of our sustainability reporting. When we enable sustainability through these pillars, we position ourselves for long-term growth and positive impact.

Each pillar is tied to the material topics outlined on [page 26](#). These were identified by our internal and external stakeholders and partners during our comprehensive materiality assessment. Canfor's Sustainability Working Group,

composed of team members and executives across all organizational functions, was also involved in this identification process.

The People pillar is aligned with topics that contribute directly to our people and communities. Our Planet pillar is aligned with topics we carefully manage to ensure our products and practices promote larger-scale environmental resilience. The Products pillar is aligned with our responsible resource use during manufacturing and the sustainability of our products.

We've reported on a number of management approaches and topic-specific disclosures for each material topic in accordance with Global Reporting Initiative (GRI) Standards and Reporting Principles. This provides a transparent view of our current sustainability performance and progress towards our goals. Using this framework, we can guide our strategy, align our sustainability ambitions with actions, and position ourselves for long-term growth and positive impact.



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Sustainability Governance

At Canfor, sustainability is a shared responsibility, with all parties having clear roles.

BOARD

Canfor and Canfor Pulp's Joint Governance and Sustainability Committee, on behalf of the Canfor Board and Canfor Pulp Board, provides overall strategic guidance to our sustainability program. The committee approves recommendations from management regarding the key sustainability issues and related objectives, which are material to the company as a whole. The Board receives regular reports from management on its activities, progress on our sustainability practices, and developments in the external sustainability environment. The Board also reviews the annual Sustainability Report, including disclosures.

CEO

Our President and CEO is the final decision-maker related to the sustainability vision, strategy and goals. This position holds ultimate accountability for successful sustainability performance.

SENIOR VICE PRESIDENT, CORPORATE FINANCE & SUSTAINABILITY

This SVP provides overall direction for sustainability and integration into the corporate strategy. This role also oversees the development and execution of the sustainability strategy and disclosure across the business. That includes establishing the governance, goals and targets, business unit activation plans, internal and external environmental, social and governance (ESG) engagement and performance measurement.

The SVP, Corporate Finance & Sustainability reports to the CEO and also regularly reports to Canfor and Canfor Pulp's Joint Governance and Sustainability Committee.

DIRECTOR, ENVIRONMENT & SUSTAINABILITY

This role is responsible for the development of the sustainability strategy, including goals, targets and key performance indicators (KPIs). This role is also responsible for monitoring performance of the business against the sustainability strategy, and managing budget and resources for the sustainability program.

The Director, Environment & Sustainability works closely with the Senior Director, Communications & Government Relations and Controller, Enterprise Shared Services to develop and implement the Sustainability Communication Strategy and ESG disclosures. The Director also oversees the Sustainability Working Group.

BUSINESS UNITS

Sustainability is embedded and activated throughout Canfor. Everyday implementation of the sustainability strategy and activities is the responsibility of senior management within each business unit. They're supported by various committees, and together contribute to achieving the goals and targets for the material topics.

SUSTAINABILITY WORKING GROUP

The Sustainability Working Group represents knowledge of Canfor business units and key stakeholders' views on sustainability issues, builds engagement, and shares information with other business functions to meet sustainability goals.





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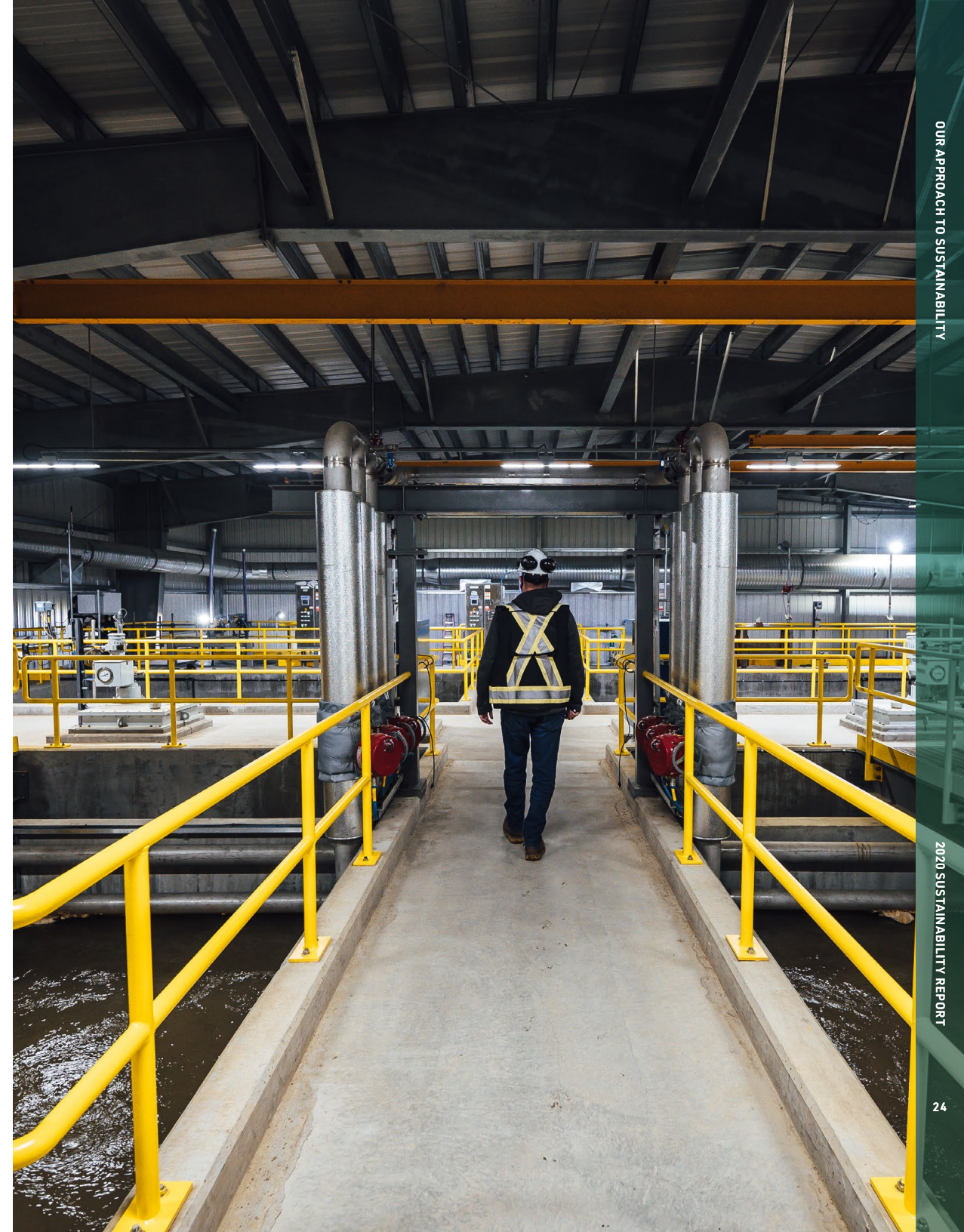
2020 Materiality Assessment

Canfor defines a material sustainability topic as one that:

- reflects our company's most significant economic, environmental and social impacts or
- could substantively influence our stakeholders' and partners' assessments and decisions

Our definition is aligned with guidance from the Global Reporting Initiative (GRI).

Because material topics tend not to change annually, Canfor follows a periodic multi-year approach to assessing our focus areas and identifying potential new topics. In 2020, we conducted an extensive assessment of our material sustainability topics and will be reassessing that in conjunction with our corporate strategy renewal.





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OUR APPROACH TO MATERIALITY IN SUSTAINABILITY

Our materiality assessment evaluates the sustainability topics most material to our business, our stakeholders and our Indigenous partners, both during the previous year and for the near-

term future. We included internal and external groups, as well as partners, to clarify where we should focus to deliver on our sustainability vision. This involved three steps shown below.



We began with a full list of topics relevant to the lumber and pulp and paper industries, based on globally recognized sustainability standards such as the [Sustainability Accounting Standards Board \(SASB\) Standards](#). After consultation, we shortlisted the 12 most material topics for Canfor.

The 12 material topics were validated through three consultation mechanisms:

- A survey of salaried employees on the importance of the topics.
- Interviews with a subset of key internal and external stakeholders, partners and special interest groups, to understand which topics most concerned their interests and priorities. This initial subset included

employees, communities, First Nations, municipalities, customers, and certification organizations.

- A materiality assessment workshop with Canfor business area leaders and executives, using established criteria such as the risk of inaction, ability to influence the topic, and Canfor's ambition to lead in the area.

The prioritized material topics (including topic boundaries and definitions) were approved by our internal subject matter leaders, Sustainability Working Group, the Executive Team, Canfor Board and Canfor Pulp Board.



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RESULTS

The materiality assessment identified 12 topics that Canfor will prioritize in the coming years to meet our sustainability vision.

MATERIAL TOPICS:

-  Safety, Health and Wellness
-  Inclusion and Diversity
-  Indigenous Relations
-  Human Rights
-  Community Engagement
-  Sustainable Forestry
-  Climate Change
-  Air Quality
-  Water Management
-  Supply Chain Management
-  Energy Management
-  Waste and Residuals Management



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ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Established by the United Nations, the SDGs are comprised of 17 internationally recognized goals. Each is designed to be actionable for both private and public sector stakeholders, with specific targets to achieve by 2030. The SDGs serve as a blueprint for a sustainable, resilient and inclusive future for all.

Canfor's sustainability strategy supports the SDGs agenda, in order to drive sustainability within the forest sector and in the context of global development.



Our strategy makes the most meaningful contributions to five of the 17 SDGs, which align to Canfor's sustainability pillars:

PEOPLE	PLANET	PRODUCTS
<p>5 GENDER EQUALITY</p> 	<p>13 CLIMATE ACTION</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>15 LIFE ON LAND</p> 	





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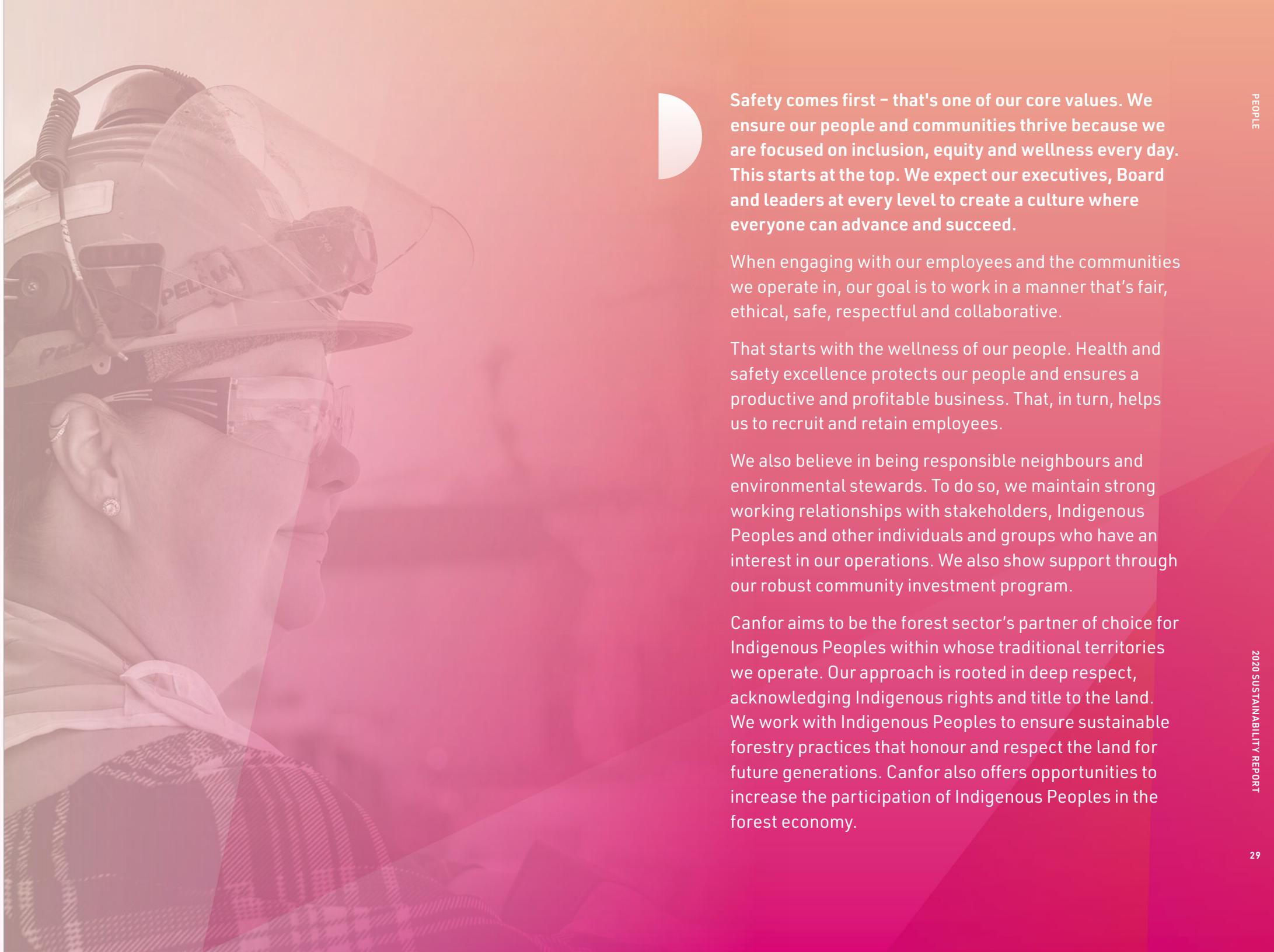
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Safety comes first – that's one of our core values. We ensure our people and communities thrive because we are focused on inclusion, equity and wellness every day. This starts at the top. We expect our executives, Board and leaders at every level to create a culture where everyone can advance and succeed.

When engaging with our employees and the communities we operate in, our goal is to work in a manner that's fair, ethical, safe, respectful and collaborative.

That starts with the wellness of our people. Health and safety excellence protects our people and ensures a productive and profitable business. That, in turn, helps us to recruit and retain employees.

We also believe in being responsible neighbours and environmental stewards. To do so, we maintain strong working relationships with stakeholders, Indigenous Peoples and other individuals and groups who have an interest in our operations. We also show support through our robust community investment program.

Canfor aims to be the forest sector's partner of choice for Indigenous Peoples within whose traditional territories we operate. Our approach is rooted in deep respect, acknowledging Indigenous rights and title to the land. We work with Indigenous Peoples to ensure sustainable forestry practices that honour and respect the land for future generations. Canfor also offers opportunities to increase the participation of Indigenous Peoples in the forest economy.



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Safety, Health and Wellness

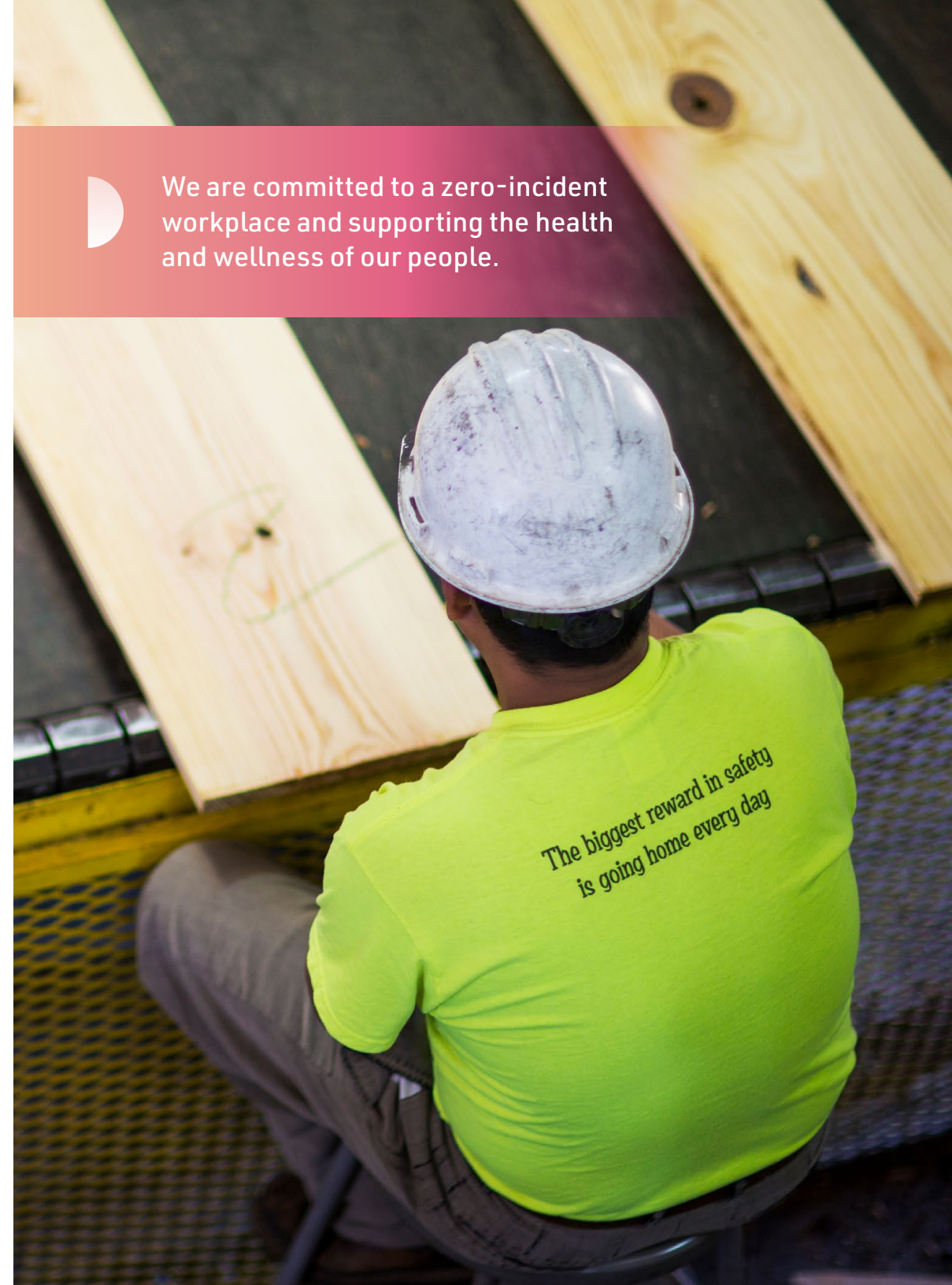
We know that our people are our most important asset, so we invest in their safety, health and wellness.

Safety comes first. Canfor is committed to a zero-incident workplace and to supporting the health and wellness of our people. Our aim is to meet and exceed health and safety regulations in every jurisdiction where we operate. We support this through programs, policies and training on a range of related subjects, including occupational health and safety, industrial hygiene, safety compliance training, emergency response and preparedness, and loss prevention.

Canfor understands that employee wellness is a key component of employee health. In addition to our robust health and financial benefits programs, we offer access to an occupational health physician and nurses, employee assistance programs, and virtual cognitive behavioural therapy.



We are committed to a zero-incident workplace and supporting the health and wellness of our people.





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Our Approach

HEALTH AND SAFETY

Canfor is committed to providing a safe and healthy working environment for all employees, and all others required to provide services at Canfor work sites.

The goal is to avoid incidents in the first place, by being proactive and sharing best practices across the enterprise.

Our [Safety Policy](#) defines our objectives and our shared responsibilities. We instill the core value of “safety comes first” throughout the organization.

Our Occupational Health & Safety (OHS) Program covers roles and responsibilities for the company and its supervisors, employees and contractors. Employees themselves participate in and are consulted about the OHS Program’s development, implementation and evaluation. Employee feedback helps to improve our safety planning and supports our objective of zero incidents.

The main components of the OHS Program include:

- policies and procedures
- training
- education
- investigations
- field-level risk assessments

- joint management-worker Occupational Health and Safety committees (Safety Committees)
- corrective action follow-up
- industrial hygiene
- emergency response and preparedness
- process safety management

We regularly review and update the OHS Program at the divisional and corporate levels and use external safety audits to evaluate for effectiveness. Most of the policies and programs are reviewed annually.

GOVERNANCE AND ACCOUNTABILITY

The senior leadership team is ultimately responsible for safety. The commitment extends to supervisors, team leaders and managers at all levels. We ensure that they are willing to not only address safety concerns and hazards, but also to hold themselves and others accountable for safety.

Each of our sites has a Safety Committee with balanced representation from hourly and salaried employees. The Safety Committees decide on focus areas and plan, roll out and manage safety programs each year.

Members join safety calls or meet regularly to report updates, review incidents and share safety information. Each Safety Committee shares their recommendations with management for approval.

The Joint Environmental Health and Safety Committee of the Canfor Board and the Canfor Pulp Board reviews safety quarterly. Each business unit presents continuous improvement targets and results.

We work as a team to improve safety across our company.

Photo Credit: Josh Stanyer





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HAZARD IDENTIFICATION, RISK ASSESSMENT AND INCIDENT INVESTIGATION

In pursuit of a zero-incident workplace, Canfor assesses and addresses work-related risks in several ways.

For Safety:

- management and hourly employees complete inspections monthly
- Safety Committees review the inspections and corrective actions
- external safety audits are conducted every three years which include inspections

For Hazards:

- supervisors review and compile employee hazard assessments

For Work-Related Incidents:

- employees involved in the incident, their supervisor and a Safety Committee member or designate conduct the investigation
- the management team, including the General Manager and Safety Manager, reviews findings and suggests improvements

All of our incident investigations, inspections, Job Safety Analysis tracking and training records are maintained in internal information databases.

OCCUPATIONAL HEALTH AND SAFETY (OHS) TRAINING

To further build a safety culture, we implemented safety leadership training. It covers:

- the requirements of Canfor's Health & Safety Management system
- our policies and procedures around safety
- the learning management system
- workers' training records
- incident investigations
- a supervisor audit system
- supervisor responsibilities

Our supervisors learn how to become more effective by championing workplace health and safety. Training also helps supervisors to lead employees through the safety resolution process (i.e., reviewing the hazard, identifying potential corrective actions, and resolving conflicts that might arise in the process).

Canfor determines health and safety training topics based on regulations, industry standards and specific roles. The majority of our safety training is mandatory and includes competency tests and follow-ups to ensure the training is understood.

Current training standards meet or exceed the requirements set out by OHS 18001, WorkSafe BC, American National Standards Institute and Canadian Standards Association standards as applicable. An annual review of training content ensures compliance with the latest regulations. We also conduct classroom reviews for instructor effectiveness.





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CONTRACTOR AND SUPPLIER HEALTH AND SAFETY

Canfor is just as committed to the safety of our contractors. The same principles and ultimate goal apply: zero incidents. Our Contractor Safety Management policy outlines all health and safety requirements that suppliers and contractors must meet. Contractors must have in place current workers' compensation coverage and commercial insurance general liability coverage, and follow all area-specific safety management protocols.

Our contractors have their own training and are asked to provide us a copy of their safety programs. We review it to ensure they appropriately train their workers. If a contractor requests access to Canfor equipment, we require the worker to show external training records and complete an in-person competency check with a trained and approved reviewer.

Contractor orientation training ensures contractors understand the requirements of the sites they visit. Full-time contract employees go through the same training as our other employees, including job-specific training.

FEEDBACK MECHANISMS

Canfor has a safety resolution policy outlining how to raise and review safety concerns:

- Employees first report work-related hazards and hazardous situations to their supervisor or safety committee members.
- Safety initiatives and concerns can also be brought forward in the monthly crew safety meeting, then escalated to the area department safety meeting.
- If a resolution is not found, a union Safety Committee member and the supervisor are brought in to review the issue.
- If a resolution still can't be found at this point, the issue is escalated to the appropriate workers' rights entity. They will review and make a decision.
- If the resolution is not satisfactory, concerns can be escalated again to the Safety Committee for review and resolution.

Employees are protected against reprisal. Every employee has the right to refuse work situations that they believe could cause injury or ill health.



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HEALTH AND WELLNESS

Canfor provides our employees with the opportunity to achieve and maintain optimal physical, mental and financial health. We do so through specially designed programs, campaigns, consultations and communication.

For full-time employees, we offer competitive, comprehensive and flexible benefit packages. Our team members can customize their plans to suit their individual and family needs. In Canada, part-time employees are eligible for basic medical, employee assistance, life insurance, disability and retirement. In the U.S., part-time employees are eligible for retirement benefits.

AWARENESS CAMPAIGNS

Canfor programs offer coverage tailored to the targeted needs of our people and are supplemented by wellness campaigns. Together, these help our people to take charge of their wellness in every way and include:

- seasonal flu clinics and education
- Mental Health Awareness Month
- monthly Wellness Wednesdays publications
- benefits newsletters
- financial literacy curriculum and events
- biometric screening
- viral and bacterial infection screening
- wellness resources on our employee intranet

PROGRAM AND CAMPAIGN EVALUATION

Canfor is working towards encouraging and improving employee awareness, use and the ultimate impact of these programs. We assess their value by measuring:

- changes in claim experience (i.e., medical conditions, volume, duration)
- program engagement (e.g., attendance, usage and completion)
- clinical state improvement (e.g., psychological health and anxiety)
- user evaluation success rate

NEW IMPLEMENTATIONS

Canfor aims to continually improve our work environment, to make it as safe, productive and healthy as possible. To enhance our offerings, we recently initiated:

- a substance use disorder monitoring program
- a recover-at-work program
- temporary and permanent workplace accommodations



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Performance

GOAL AND TARGETS

We are working towards two primary targets to achieve our commitment to a zero-incident workplace and supporting the health and wellness of our people.

GOAL
<ul style="list-style-type: none"> To achieve a zero-incident workplace and support the health and wellness of our people.
TARGETS
<ul style="list-style-type: none"> 10% improvement year-over-year on our total recordable incident frequency (TRIF).² Achieve 98% performance on Return-to-Work (RTW) relative to medical Recovery Time Standards (RTS)³ by 2023.

HEALTH AND SAFETY

In 2020, our company-wide TRIF was 1.62, well-below our 2020 target of 2.0. This shows our commitment to safety and continued progress to a workplace free of incidents.

Our Canadian lumber operations posted a TRIF of 1.76 in 2020. This is up from prior years. The impacts of the pandemic and market-related downtime weighed heavily on our employees. This may have been a factor in the increased frequency of recordable incidents. To learn about our additional initiatives to ensure safe working conditions for employees, see COVID-19 Response and Our Proactive Safety Approach section.

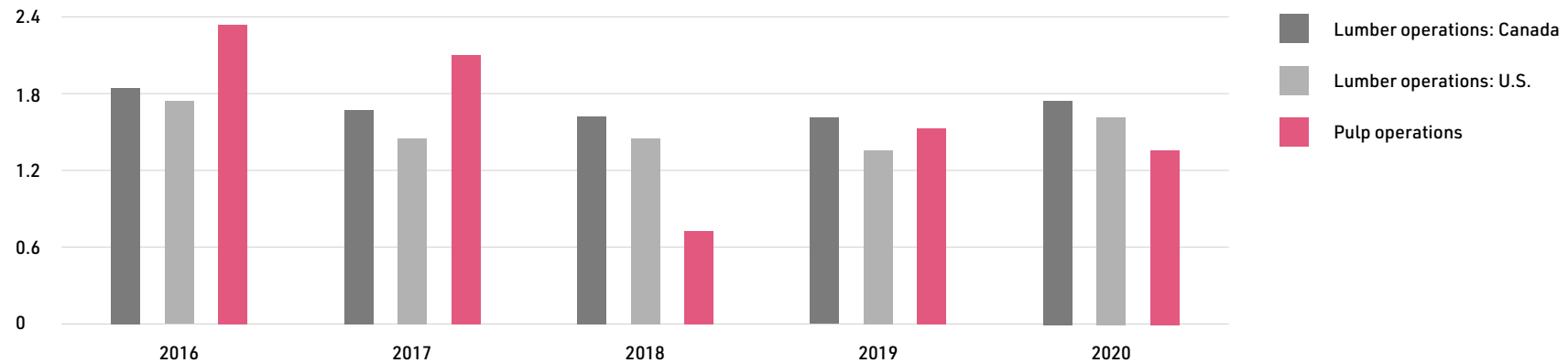
Our U.S. lumber operations posted a TRIF of 1.60 in 2020, up from 2018 and 2019. We acquired a sawmill in Estill, South Carolina and included their safety statistics from June 1, 2020, resulting in an overall TRIF increase. We are

implementing our OHS programs at the Estill sawmill and aim to achieve a 10% improvement year-over-year on our TRIF for future years.

Our pulp operations posted a TRIF of 1.36 in 2020, our second-best result ever.

Across our operations the most common types of work-related incidents are hand injuries, chemical exposure and foreign bodies in eyes. Our safety training focuses on our common injuries in order to identify root causes and prevent them from recurring. As always, our operations remain focused on safety and monitoring the TRIF trends, at each operation and across each region, as we strive for a zero-incident workplace.

Total Recordable Incidents Frequency (5-Year Trend)



² Improvement calculated on a three year rolling average. For the calculation methodology for TRIF, Canfor uses 200,000 hours worked and the incidents include work-related injuries.

³ Recovery Time Standards as defined by Medical Disability Guidelines (MDG) and Diagnostic and Statistical Manual of Mental Disorders (DSM-5).



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Total Recordable Incidents in the Past Three Years

BUSINESS UNIT	2020	2019	2018
Lumber Operations: Canada	40	43	52
Lumber Operations: U.S.	37	31	33
Pulp Operations	16	19	9
Total	93	93	94



Total Fatalities in the Past Three Years

BUSINESS UNIT	2020	2019	2018
Lumber Operations: Canada	0	0	0
Lumber Operations: U.S.	0	0	0
Pulp Operations	0	0	0
Total	0	0	0



Total Recordable Incident Frequency in the Past Three Years

BUSINESS UNIT	2020	2019	2018
Lumber Operations: Canada	1.76	1.64 ¹	1.67
Lumber Operations: U.S.	1.60	1.39	1.48
Pulp Operations	1.36	1.59	0.71
Total²	1.62	1.54	1.42

¹ Lumber operations: Canada 2019 TRIF restated from the prior year report due to change in workers' condition.

² Overall TRIF for 2019 and 2018 have been restated due to updates in calculation methodology.



Total Hours Worked in the Past Three Years

BUSINESS UNIT	2020	2019	2018
Lumber Operations: Canada	4,542,551	5,245,833	6,251,549
Lumber Operations: U.S.	4,611,475	4,457,742	4,445,151
Pulp Operations	2,349,236	2,383,052	2,544,286
Total	11,503,262	12,086,627	13,240,986

LUMBER OPERATIONS SAFETY HIGHLIGHTS

CANADA

In B.C., our Fort St. John pellet plant, Canfor Green Energy plant and the Prince George Chip Plant all celebrated one year with no recordable incidents in 2020.

U.S.

Our plant in Washington, Georgia experienced zero incidents in 2020. Our operations in Camden, South Carolina; El Dorado, Arkansas; and Moultrie, Georgia were all incident-free for the last nine months of 2020.





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OUR PROACTIVE SAFETY APPROACH

We work as a team to improve safety across our company. Our operations connect to assess opportunities and leading trends. We also share best practices across business units and instill a safety culture of continual improvement towards a zero-incident workplace. In 2020, that happened through several safety campaigns, including:

COMBUSTIBLE DUST TRAINING

We trained our employees on these dust hazards, identifying sources and ignition risks, recognizing unsafe

conditions, and controlling and reporting any risk.

CORE LOCK-OUT TRAINING

Employees were taught about the energy sources that require lock out, when this procedure is required, and the roles and responsibilities of all team members.

HAND SAFETY AWARENESS

This important annual campaign encourages everyone to continue to practice safety and to protect their hands.

HEALTH AND WELLNESS

To assess performance, Canfor:

- monitors usage of its benefits programs quarterly
- compares program performance against market trends annually
- reevaluates our health and wellness offerings biannually
- modifies offerings based on employee needs, emerging conditions in the general population, and health care innovations

Going forward, Canfor will implement a return-to-work (RTW) key performance indicator. This indicator will compare days of medical leave until RTW against a medical recovery time standard for each medical leave. That's as per the Medical Disability Guidelines⁴ and the Diagnostic and Statistical Manual of Mental Disorders.⁵ Canfor's goal is to make all efforts to return employees to their optimal state as soon as possible post illness, injury or disease.

⁴ [Medical Disability Guidelines](#). Reed Group MDGuidelines.

⁵ Diagnostic and Statistical Manual Of Mental Disorders 5th Edition. American Psychiatric Association. January 1, 2017.



COVID-19 RESPONSE

COVID-19 introduced unprecedented challenges and created dynamic conditions. Throughout the pandemic, Canfor took many steps to promote our workers' physical and mental health:

- deployed initiatives at the early stages of the pandemic to mitigate exposure, and educate employees, contractors and other stakeholders
- developed several new guidelines and rolled out manager and employee education
- implemented new workplace protocols and signage
- tracked all COVID-19 related incidents and implemented workplace screening
- worked in partnership with local health authorities in Canada and the U.S. to ensure optimal leverage of resources
- provided financial aid to employees who needed to self-isolate and had no other access to financial support

- implemented flexible work options, like telework, depending on positions
- provided a \$500 grant for those eligible to work remotely, to ensure an appropriate ergonomic work-from-home environment
- launched a COVID-19 vaccine incentive that encouraged people to get fully immunized
- planned in-house vaccination clinics, in partnership with local health authorities

While Canfor was proactive in supporting safe working conditions and employee wellness, our frontline workers also made tremendous efforts to follow new safety measures and procedures.

Canfor's CEO and the operations leadership team sent a video message to thank our employees, reinforce that safety and wellness is our top priority, and encourage everyone to continue practicing safety first.



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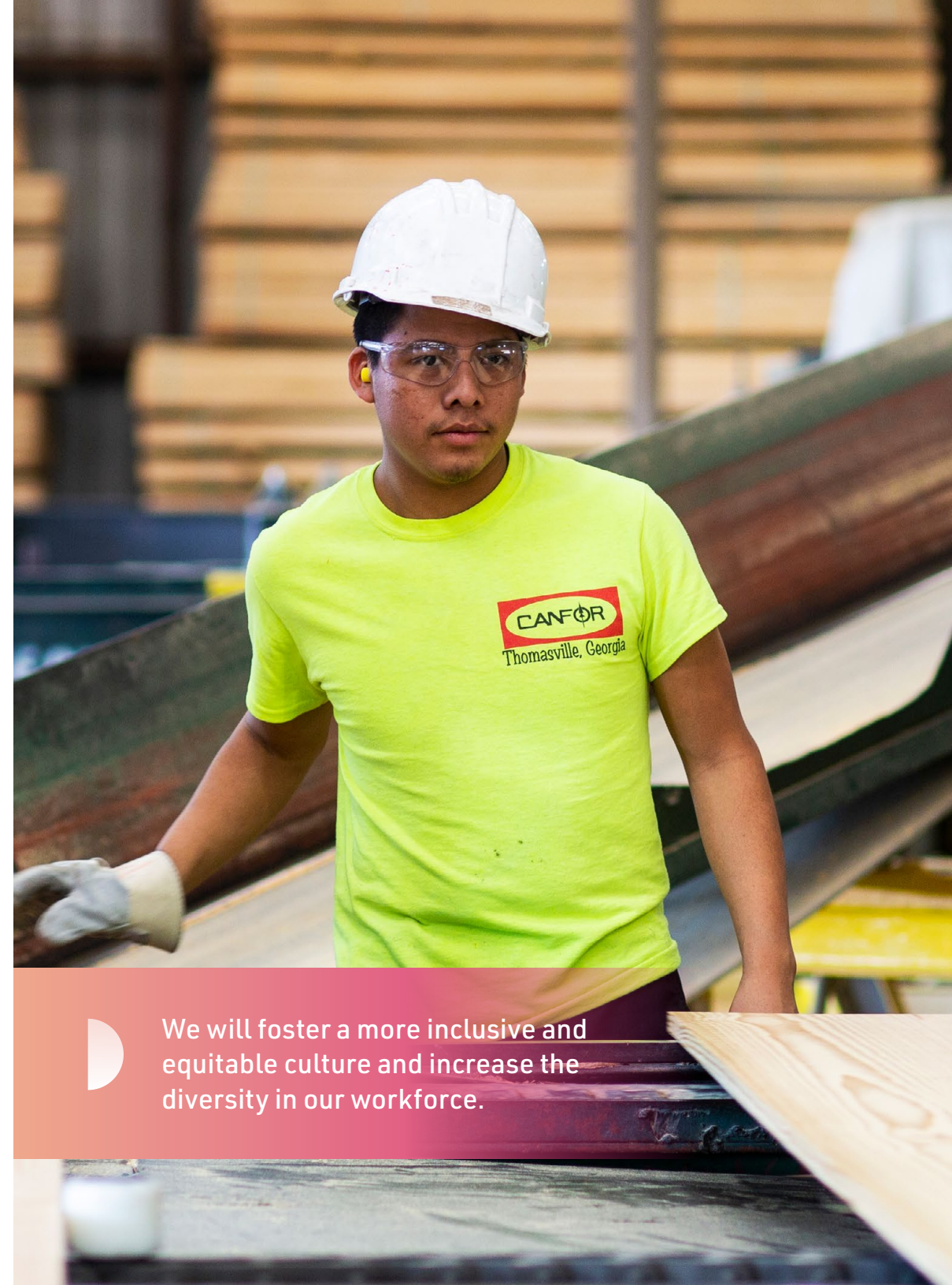
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Inclusion and Diversity

Diverse backgrounds, abilities, experiences and points of view make us stronger.

It results in improved teamwork, better problem-solving, increased innovation, and a safer and more welcoming culture and workplace. Our goal is to foster a more inclusive and equitable culture and increase the diversity in our workforce.



We will foster a more inclusive and equitable culture and increase the diversity in our workforce.



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► Our Approach

We have identified workforce diversification as a strategic imperative. We're bringing together the plans and committees that activate change in our workforce today. Our approach is inclusive, accountable and comprehensive.

We're committed to improving opportunities for all employees, including a strong focus on groups under-represented at Canfor. We expect our employees to demonstrate respect at all times and act in accordance with our policies that aim to ensure:

- equitable and inclusive access to opportunities
- a workplace free from discrimination

Each employee at Canfor should feel safe and valued as a productive member of their team. Canfor has a zero-tolerance policy for discrimination or racism and will investigate any claims of such actions.

Our Code of Conduct Policy outlines the high ethical standards and values that apply to all employees at Canfor. Our Bullying and Harassment Policy strictly prohibits such conduct by anyone at the workplace, including discrimination. This policy applies to all

employees and all contractors, service providers, suppliers and agents, and their employees. These policies are designed to help employees act in the best interest of the company, consistent with Canfor's core values.

We do not tolerate any violation of the Code of Conduct Policy and the Bullying and Harassment Policy, any illegal or unethical behaviour, or any other misconduct. Any violations may be reported to:

- the employee's immediate manager
- the Senior Legal Officer and/or a Senior Vice President
- the Whistleblowing Hotline (anonymously)

Canfor will not take or allow any reprisal against any employee who, in good faith, reports a suspected violation of the Code of Conduct or any other misconduct. We will investigate all reported violations. If we determine that a violation has occurred, we will take appropriate action, up to and including immediate termination of employment.



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GOVERNANCE AND ACCOUNTABILITY

All of our leaders support our Inclusion, Diversity and Equity strategy and action plans, which Canfor's Diversity Council develops with support from our Learning and Leadership team. Each department and division is responsible for doing its part to support implementation and success. Ownership for inclusion and diversity is shared across our organization, so that it is infused within our culture. We expect all employees to contribute to an inclusive workplace and provide the tools and training to support them.

Our Executives are personally accountable for advancing diversity within Canfor and ensuring it is a priority. Canfor's leadership monitors progress by reporting on key metrics, and regularly reviewing and revising our strategies.

To help guide that direction and continual improvement, we rely on our Diversity Council. It is sponsored by our CEO and represents different dimensions of diversity, business functions and geographic locations.

The Council's mandate is to sustain and advance Canfor's commitment to an inclusive culture and diverse workforce. It does so by:

- prioritizing actions within the organization's Inclusion, Diversity and Equity strategy
- advising on and informing company policies
- making recommendations that cascade throughout the organization

- looking for ways to embed and advance inclusion and diversity, making it relevant for all areas of the organization
- setting goals around hiring, retaining, and advancing a diverse workforce
- addressing any employee concerns among under-represented groups





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Performance

GOAL AND TARGETS

Canfor will foster a more inclusive and equitable culture and increase the diversity in our workforce. We've set the following targets to help us reach this overarching goal.

We're committed to evaluating the impact and effectiveness of our inclusion and diversity programs and sharing our diversity metrics in our sustainability reports.

To measure our progress and deliver effective diversity programs, it is critical that we maintain accurate information about our workforce. In 2020, we carried out significant work to update self-disclosure statements and data collection within our job applications and hiring forms. We made our applicant language gender inclusive, included options for all dimensions of diversity, and added a drop-down field listing all 45 of the Indigenous communities in Canfor's operating areas. The self-disclosure updates cut the applicants selecting "prefer not to disclose" by 64%. Improving the data we collect helps us to make better decisions around prioritizing diversity programming and initiatives across the company.

GOAL

- To foster a more inclusive and equitable culture and increase the diversity in our workforce.

TARGETS

Leadership

- 30% under-represented groups in executive leadership positions by 2030.⁶
- 30% under-represented groups in all other senior leadership positions by 2025.⁶

New Hires

- 33% under-represented groups for new hires annually by 2025.⁶
- 50% under-represented groups for new hires annually by 2030.⁶

Inclusion

- 100% availability of gender-specific personal protective equipment (PPE) at all operations in North America by 2023.

Training

- Achieve 100% completion of Inclusion & Diversity (I&D) awareness training for all staff across North America by 2021.
- Achieve 100% participation of Indigenous Cultural Awareness and Understanding (ICAU) training for all Canadian staff by 2021.
- Launch inclusive leadership training, tools and resources for supervisors and managers across North America by 2022.



⁶ Under-represented groups include women, non-binary people, Indigenous Peoples, visible minorities, people living with disabilities, LGBTQ2S+, veterans.



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PLAN FOR 2021: LEADING CHANGE

Building on the foundation we've created, and to pursue the above targets, we have developed an action plan for 2021:

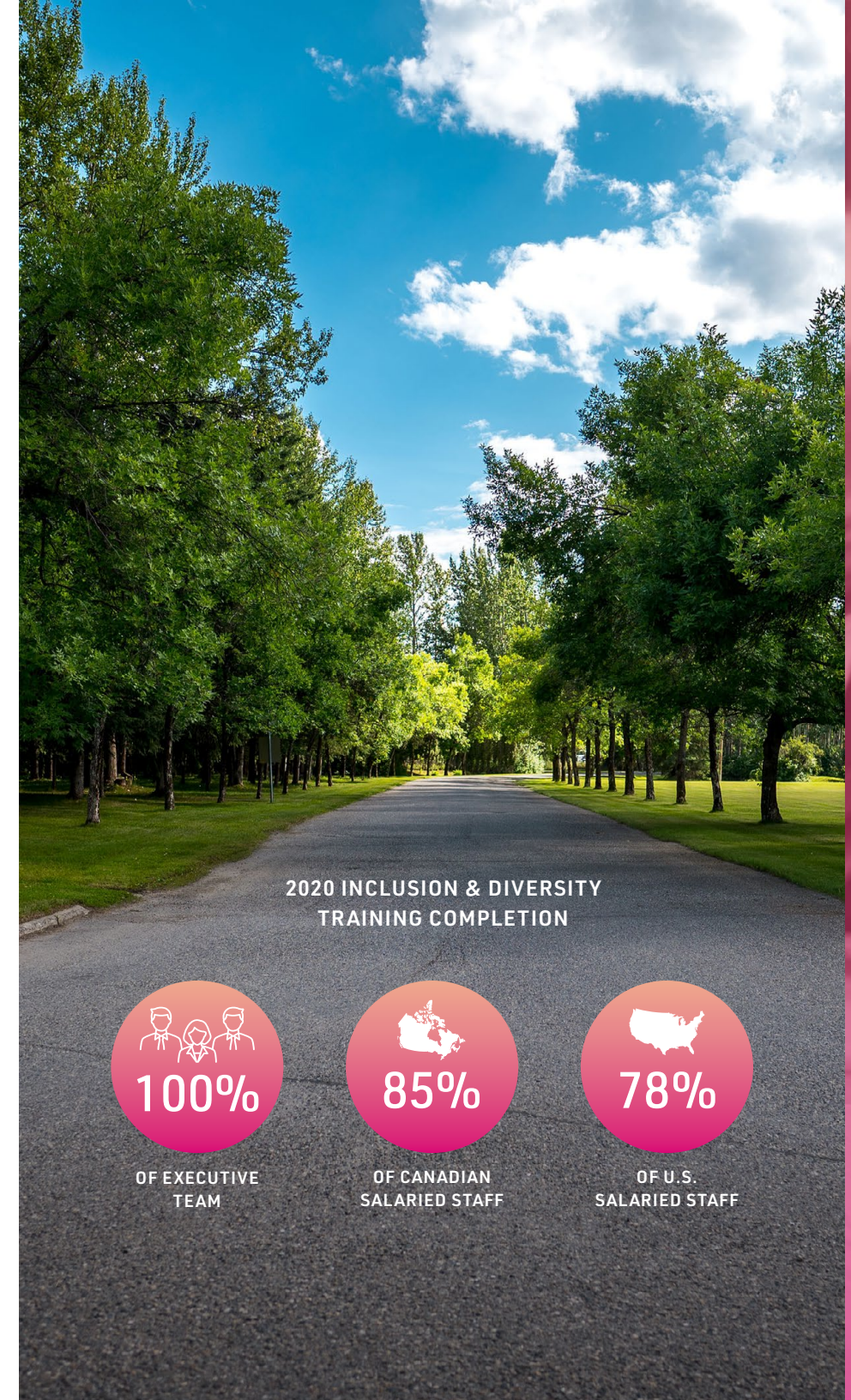
- **roll out refreshed values** and continue to communicate our commitment to taking action on workforce diversity
 - **launch Employee Resource Groups (ERGs)**, with executive sponsorship for each
 - **continue building awareness** through training on inclusion and diversity, competency-based hiring, and communication of plans to salaried employees
 - **build and deliver inclusion and diversity essentials training** for hourly team members and inclusive leadership training for managers
- **develop performance tracking** through a metrics dashboard to enhance transparency and accountability
 - **continue to identify and tackle systemic barriers** as prioritized by the Diversity Council
 - **continue delivering cultural awareness and understanding training around Indigenous employees**
 - **launch Phase 2 (identify and develop champions) and Phase 3 (develop regional action plans)** of our Indigenous Engagement Strategy (IES)

INCLUSION AND DIVERSITY TRAINING

One of our key priorities in 2020 was in-person and virtual delivery of our Inclusion and Diversity training. We trained 85% of all Canadian salaried staff (exceeding our goal of 75%) and met our goal of training 100% of the executive team. In addition, we trained 78% of our U.S. salaried staff. In 2021, we'll aim to complete training for 100%

of all salaried employees across North America.

The training includes the role of each employee in identifying and interrupting their unconscious biases and becoming an ally or active bystander (speaking up or taking action when witnessing something that's discriminatory or biased).



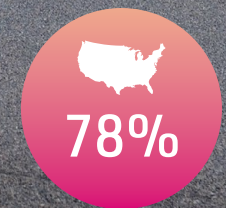
2020 INCLUSION & DIVERSITY TRAINING COMPLETION



OF EXECUTIVE TEAM



OF CANADIAN SALARIED STAFF



OF U.S. SALARIED STAFF



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MENTORME

Mentorship plays an important role in developing leaders and fostering an inclusive and diverse workforce. Our MentorMe program provides opportunities to connect with and learn from a leader at Canfor.

Through the program, mentors and mentees are partnered based on skill development interests, areas of the business and goals. The partners engage in a formal six-month mentorship, which they may continue informally if both agree. Mentors and mentees are provided resources for a successful relationship, such as a mentorship guide and mentee handbook.

We continued building our capabilities through the program, which:

- promotes a development culture
- increases knowledge sharing
- drives performance
- expands networks

When MentorMe began in 2019, it focused solely on developing and supporting women leaders. In 2020, we opened the program up to all salaried and hourly employees in every geographic area of our business. In support of our commitment to advancing women in our organization, at least one of the individuals in each pair must be a woman. In 2020, 56% of the MentorMe participants were women.

INCLUSIVE HIRING

We are changing how we market ourselves as an employer to intentionally attract a more diverse group of people. We strive for a fair and equitable recruitment process, where hiring decisions are based on each applicant's qualifications and experience. That also means recognizing and valuing the differences that make each person unique. Our strength comes from the diversity of our skilled and resilient workforce and inclusive culture.

In 2020, our Talent Acquisition team undertook a new initiative to apply gender-neutral language to job postings, designed to eliminate gender bias in the application process. From mid-2019 to the end of 2020, we saw a 12.5% increase in overall applications

from women. In addition, we hosted an information session on careers at Canfor to the Prince George BladeRunners LGBTQ2S+ Group. The BladeRunners Youth Pre-Employment Program with the Prince George Native Friendship Centre provides life skills, job readiness skills, work experience/on-the-job training, job coaching and ongoing support to unemployed or precariously employed young adults at risk. We continue to identify opportunities to enhance inclusion and diversity efforts in the talent acquisition process.

In 2021, the team will continue to adjust job postings to ensure they appeal to all potential applicants, beyond our traditional demographics. To open up opportunities and ensure fairness,

we continued to implement our group interview process, called Canfor Connect. We anonymize personal information, which helps to avoid unconscious bias about the candidate.

Canfor is committed to training and supporting our people who lead hiring at all levels, to ensure they are informed and educated on Canfor's commitment to an inclusive and diverse workforce. In 2020, we continued to provide in-person and then virtual training for hiring managers, with plans to continue in 2021. This training leads participants through a range of modules on competency-based hiring, to increase the focus on candidate capabilities and reduce bias in the hiring process.

From mid-2019 to the end of 2020, we experienced a 12.5% increase in overall applications from women.



We are committed to building meaningful relationships with Indigenous communities and using our business activities to provide them with opportunities for economic development and reconciliation. To support these goals, we launched an Indigenous Talent Program and designed Indigenous Cultural Awareness and Understanding training. Please see our Indigenous Relations section for details.





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DIVERSITY AT WORK

Canfor is proud to have a global workforce. Our global diversification contributes to our strength as a company. At December 31, 2020, we employed 5,958 people worldwide, including temporary and casual employees, excluding our operations in Sweden.

74% of Canfor's permanent employees are hourly, with the majority working in mill production positions. Among these hourly employees, 94% are men and 6% are women.

Salaried employees include our production supervisors and many of our corporate office staff in Canada, U.S., and Asia. These permanent employees represent 26% of the workforce; 75% are men and 25% are women.

2% of our workforce are temporary employees. Among these employees, 64% are men and 36% are women.

Our total workforce trend since 2018 mainly reflects mill closures in our B.C. operations, and acquisitions in our U.S. lumber operations. The following tables provide a detailed breakdown of our employees by employment type, region and gender.

Total women in our workforce have remained relatively consistent at 12% since 2019, a slight improvement from 2018. We will continue to track these KPIs as we progress

on our journey to achieve the goal and targets as stated above, with specific focus on programs to drive improvements in these inclusion and diversity metrics.

Workforce by Employment Type and Region¹

Region	2020			2019			2018		
	Hourly	Salaried	Total	Hourly	Salaried	Total	Hourly	Salaried	Total
Canada	2,758	1,156	3,914	2,805	1,117	3,922	3,241	1,163	4,404
U.S.	1,669	359	2,028	1,502	318	1,820	1,503	315	1,818
Asia	0	16	16	0	20	20	0	19	19
Total	4,427	1,531	5,958	4,307	1,455	5,762	4,744	1,497	6,241

¹ Excludes Vida; includes casual/temporary employees

Workforce by Employment Type and Gender²

Employment Type	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-Time Hourly	4,001	277	4,278	3,961	275	4,236	4,398	302	4,700
Full-Time Salaried	1,148	378	1,526	1,020	356	1,376	1,082	377	1,459
Part-Time Hourly	3	1	4	5	1	6	0	3	3
Part-Time Salaried	2	8	10	3	9	12	1	3	4
Temporary	89	51	140	85	47	132	47	28	75
Total	5,243	715	5,958	5,074	688	5,762	5,528	713	6,241

² Excludes Vida; includes casual/temporary employees



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In 2020, we hired 317 employees in Canada and 524 employees in the U.S. The table below shows our new hires by age and gender. Women comprised 11% of our new hires. We are actively working to increase the number of women we hire and enhance diversity in all roles across Canfor, and will continue to monitor and report on these statistics.

 **2020 New Hires by Region, Age Group, Gender¹**

REGION	WOMEN	MEN	TOTAL
Canada	60	257	317
Under 30	32	123	155
30-50	19	99	118
Over 50	9	35	44
U.S.	33	491	524
Under 30	9	186	195
30-50	20	222	242
Over 50	4	83	87
Total	93	748	841

¹ Excludes Vida and casual/temporary employees

The table below shows our turnover rates by region, gender and age. In 2020, our turnover rate was 16% in Canada and 26% in the U.S. These turnover rates include both hourly and salaried employees. The higher rates in the U.S. result, in part, from turnover among our non-unionized, hourly and lower-wage employees. To address that and improve our brand as an employer of choice in the U.S., we recently increased our U.S. starting hourly wages and benefits.

 **2020 Turnover Rate by Region, Age Group, Gender²**

REGION	WOMEN	MEN	TOTAL
Canada	20.0%	15.4%	16.0%
Under 30	33.3%	27.5%	28.6%
30-50	11.4%	10.4%	10.5%
Over 50	24.5%	17.0%	17.8%
U.S.	15.3%	27.2%	26.2%
Under 30	33.3%	50.3%	49.6%
30-50	16.9%	27.0%	26.3%
Over 50	10.9%	16.8%	16.2%
Total	18.8%	19.7%	19.6%

² Excludes Vida and casual/temporary employees






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The tables on this page show our current workforce diversity. This will serve as a baseline as we work to meet our targets to increase our under-represented groups, and have a more inclusive and balanced workforce in our leadership and new hires.

 2020 Executives by Age Group and Gender

AGE	WOMEN	MEN	TOTAL
Under 30	0%	0%	0%
30-50	6.3%	31.2%	37.5%
Over 50	0%	62.5%	62.5%
Total	6.3%	93.7%	100%

 2020 Board of Directors by Company (Canfor and Canfor Pulp), Age Group and Gender

ORGANIZATION	WOMEN	MEN	TOTAL
Canfor Total	16.7%	83.3%	100%
Under 30	0%	0%	0%
30-50	0%	8.3%	8.3%
Over 50	16.7%	75.0%	91.7%
Canfor Pulp Total	0%	100%	100%
Under 30	0%	0%	0%
30-50	0%	0%	0%
Over 50	0%	100%	100%

 2020 Employees by Age Group and Gender¹

AGE	WOMEN	MEN	TOTAL
Under 30	2.0%	13.0%	15.0%
30-50	5.3%	39.1%	44.4%
Over 50	4.1%	36.5%	40.6%
Total	11.4%	88.6%	100%

¹ Excludes Vida and casual/temporary employees

 2020 Employees by Gender and Job Category²

JOB CATEGORY	WOMEN	MEN	TOTAL
Operations	5.0%	70.1%	75.1%
Operations Management	1.1%	9.7%	10.8%
Business Support	1.6%	0.5%	2.1%
Professional	2.7%	5.1%	7.8%
Professional Management	0.8%	0.9%	1.7%
Executives & Sr. Management	0.4%	2.1%	2.5%
Total	11.6%	88.4%	100.0%

² Excludes Vida and casual/temporary employees



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MATERNITY AND PARENTAL LEAVE

Canfor supports employees who are away from work because they are pregnant or caring for a newborn or a newly adopted child. Canfor’s Maternity and Parental Leave Policy exceed government-mandated benefits in both the U.S. and Canada.

In Canada, Canfor’s Salaried Maternity and Parental Leave Policy tops up to 100% of the employee’s base salary for 12 weeks (first eight weeks of maternity leave and first four weeks of parental leave).

In the U.S., Canfor’s Salaried and Hourly Maternity and Parental Leave Policy provides a fully paid 12-week leave following the birth of a child. The same benefits apply for employees who are the primary caregiver when they adopt a child under age five.





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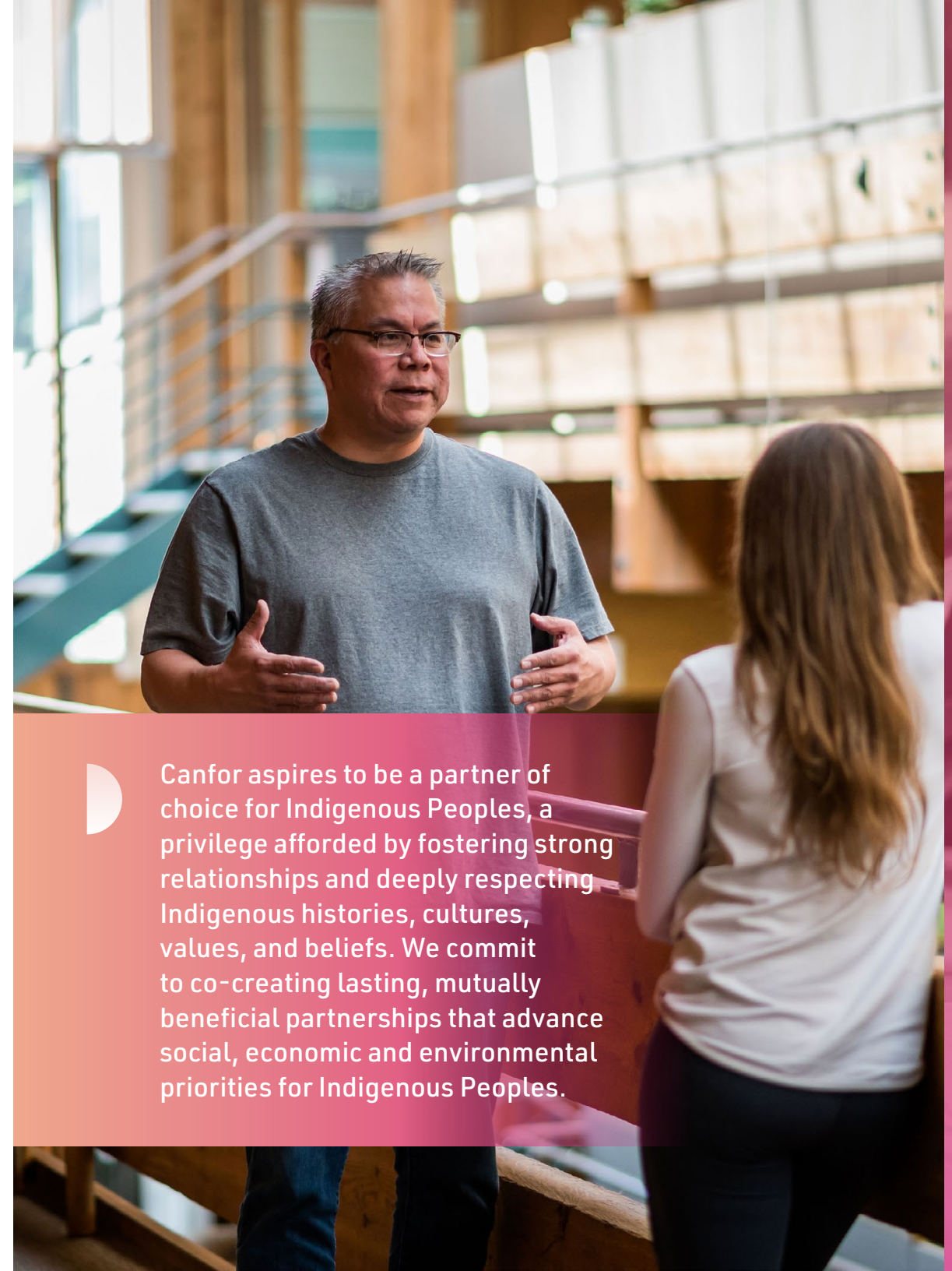


Indigenous Relations

Canfor values our working relationships with Indigenous communities on whose traditional territories we operate.

We prioritize meaningful engagements with Indigenous groups, opportunities for economic partnership, stewardship of the environmental, social and cultural values of forests and sustainable practices to honour and respect the land for future generations.

All of Canfor's Canadian operations, manufacturing facilities and corporate offices overlap with traditional Indigenous territories. We care about the wellness of Indigenous Peoples and these relationships influence every aspect of our operations: procurement, employment, partnership agreements and community investments. We acknowledge that forests are an integral part of the livelihoods of Indigenous Peoples and see opportunities for mutually beneficial partnerships with Indigenous communities.



Canfor aspires to be a partner of choice for Indigenous Peoples, a privilege afforded by fostering strong relationships and deeply respecting Indigenous histories, cultures, values, and beliefs. We commit to co-creating lasting, mutually beneficial partnerships that advance social, economic and environmental priorities for Indigenous Peoples.



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Our Approach

Our Indigenous Engagement Strategy is built on a foundation of deep respect for Indigenous Peoples and an interest in growing their involvement in the resource sector.

OUR INDIGENOUS ENGAGEMENT STRATEGY IS GUIDED BY THREE PRINCIPLES.

RECOGNITION AND RESPECT

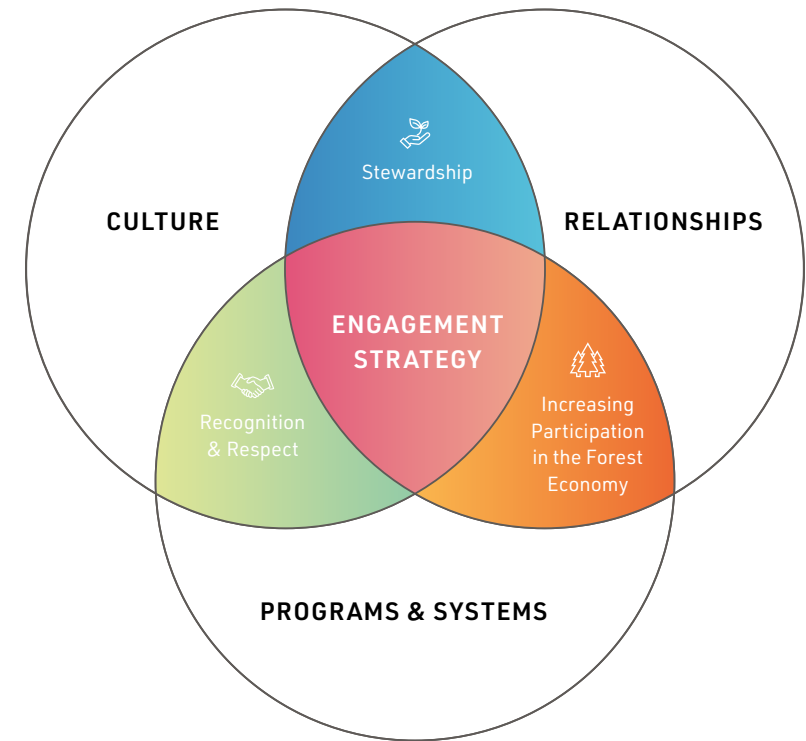
Canfor recognizes and respects the constitutionally protected rights and treaty rights of Indigenous Peoples. We are working to understand the unique interests and challenges of each region and community by working with the diverse Indigenous groups within our operating areas.

INCREASING PARTICIPATION IN THE FOREST ECONOMY

Canfor acknowledges that forests are an integral part of the livelihood of Indigenous Peoples. As a manufacturing business reliant on sustainable forest management, Canfor sees opportunities for mutually beneficial partnerships with Indigenous communities that complement and enhance our business.

STEWARDSHIP

Canfor and Indigenous Peoples share common goals in conserving and sustaining the environmental, social and cultural values of forests. Together we can improve the wellness of Indigenous Peoples through shared principles that ensure the sustainability of the forests for current and future generations.





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GOVERNANCE AND ACCOUNTABILITY

Canfor evolved our organizational structure to support the implementation of our Indigenous Engagement Strategy. We created the Indigenous Relations Team to provide leadership and coordination of Canfor’s overall Indigenous partnership, engagement and employment activities. A new role of Director, Indigenous Partnerships provides leadership direction and coordination of Canfor’s Indigenous partnership activities.

We aim to encourage and support Indigenous involvement in the forest sector, provide careers and work towards forest stewardship best practices. To do so, we work with Indigenous groups and others in the resource sector to align efforts.

Our Regional Indigenous Relationship Liaisons are critical in implementing and maintaining our Indigenous Nation connections and relationships.

To advance Indigenous relations, our Indigenous Engagement Working Group (IEWG) provides leadership and coordination. Our Vice President, Woodlands is accountable for the oversight of the IEWG and for our Indigenous Engagement Strategy.

TREATY RIGHTS

We recognize and respect the constitutionally protected rights and treaty rights of Indigenous Peoples and understand there are unique interests and challenges of each region and community.

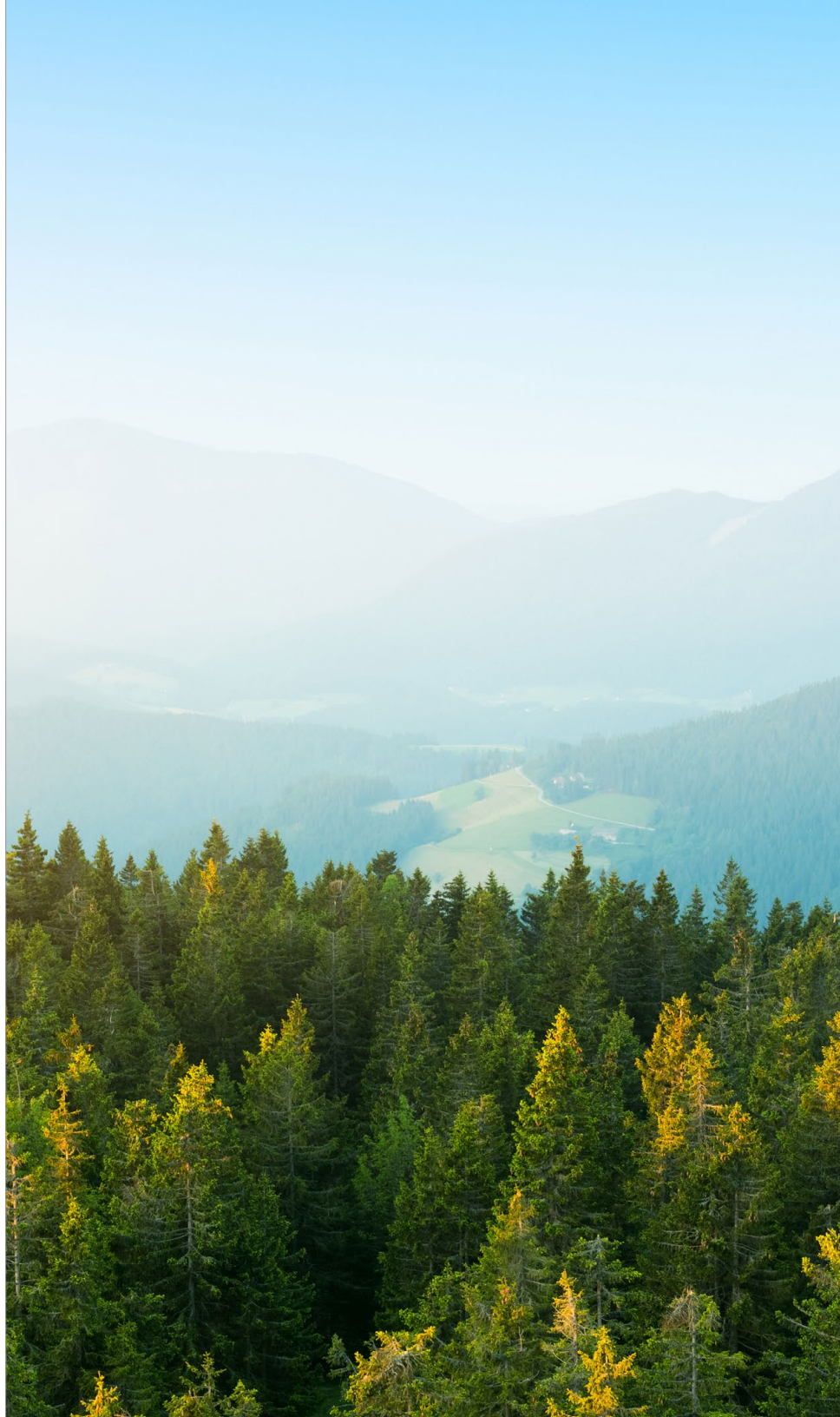
We support the Canadian, B.C. and Alberta governments’ adoption of the [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#), and the [Truth and Reconciliation Commission of Canada’s \(TRC\) Calls to Action](#).

We acknowledge the efforts of the B.C. Government to entrench the UN declaration into law through the November 2019 passing of [Bill 41](#), the [Declaration on the Rights of Indigenous Peoples Act](#).



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GOALS AND TARGETS

Canfor values our working relationships with Indigenous communities on whose traditional territories we operate. We've set the following goals and targets.

GOALS

- To be a partner of choice for Indigenous Peoples, a privilege afforded by fostering strong relationships and deeply respecting Indigenous histories, cultures, values and beliefs.
- To co-create lasting mutually beneficial partnerships that advance social, economic and environmental priorities for Indigenous Peoples.

TARGETS

- 100% of operating area covered by agreements with willing Nations by 2030.
- Achieve 100% participation in Indigenous Cultural Awareness and Understanding (ICAU) training for all Canadian staff by 2021.
- 5% of total spend with Indigenous vendors for Wood Products Canada by 2025.

PARTNERSHIP AGREEMENTS

Canfor continues to work closely with First Nations within our operating areas, to expand our relationships for mutually beneficial opportunities. We recognize that Indigenous participation in the forest economy supports the reconciliation process. There are continuing opportunities for growth and alignment between Canfor's Indigenous Engagement Strategy and the future of the forest sector. We

focus on economic involvement, forest stewardship participation, employment and training opportunities, and continue to make progress in all areas. We have existing agreements with several of the Indigenous Nations on whose traditional territories we operate and are in discussions with many other Indigenous Nations to enter into additional agreements.



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INDIGENOUS TALENT PROGRAM

In September 2020, we launched our Indigenous Talent Program (ITP). This program aims to build and support our Indigenous community within Canfor and increase Indigenous participation within the forest economy. Our goal is to become the employer of choice for Indigenous Peoples.

The ITP seeks to attract Indigenous candidates and connect them with career opportunities through guidance, skill matching, access to advisors and interview preparation. The program offers continued support after the initial hire, through mentorship, targeted programs and community-building. We aim to provide a positive candidate and employee experience, through enhanced services and meaningful employment and career opportunities for Indigenous candidates.

Our Indigenous Employment and Training Advisor provides full employment services to candidates, resulting in a higher level of engagement with Indigenous applicants. From September to December 2020, this program resulted in a 95% increase in Indigenous hires compared to pre-launch, and a 244% increase in Indigenous hires over 2019, going from 18 to 62. We are also tracking an 87% retention rate for these hires.

To boost employment opportunities in 2020, we:

- partnered with WorkBC for sawmill hiring fairs
- partnered with Prince George Native Friendship Centre to deliver a JD Little Forest Nursery hiring and recruitment strategy

- participated in community career fairs with local First Nations communities
- worked with Prince George Nechako Aboriginal Employment and Training Association along with 17 member Nations on the marketing and promotion of forestry careers and training programs, including Women in Trades, THEO and Trades Access (Scaling, Sawfiling, Work Experience and Processor Operator)
- supported candidates through the New Relationship Trust Foundation application process and into employment openings in operations

SCHOLARSHIPS & BURSARIES

Since 2013, Canfor has supported B.C. Indigenous communities by contributing annually to the New Relationship Trust Foundation (NRT Foundation) Scholarship and Bursary program. The joint partnership has created 14 scholarships and bursary awards. We believe the continued partnership between Canfor and the NRT Foundation presents an ideal opportunity to pursue our shared interests of:

- continuing meaningful partnership building with Indigenous communities in B.C.
- enhancing Indigenous students' capacity, health and education goals
- fostering opportunities for Indigenous participation in B.C.'s economic future





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INDIGENOUS CULTURAL AWARENESS AND UNDERSTANDING WORKSHOPS

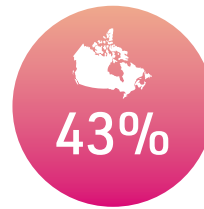
To enhance our Indigenous community engagement, we need to improve our cultural understanding. In 2020, we launched Indigenous Cultural Awareness and Understanding (ICAU) workshops. The focus was to provide our teams with knowledge on Indigenous history, the Indian Act, residential schools, governance structures and much more. The workshops complement the suite of leadership programs that already include unconscious bias, diversity and inclusive leadership training.

In 2020, we successfully met our targets for the initial rollout across the company. In 2020, we trained 98% of Canadian wood products leaders, along with 43% of all Canadian salaried staff. Our target is to achieve 100% participation within our Canadian operations by the end of 2021.

2020 ICAU TRAINING COMPLETED



OF CANADIAN WOOD PRODUCTS LEADERS



OF CANADIAN SALARIED STAFF

PROCUREMENT

We are committed to engaging with Indigenous businesses and contractors for supplies and services. In 2020, 3.25% of our spend was with Indigenous vendors. In each of our regions, we make our best efforts to hire local Indigenous vendors for the services we need.

We have many established business relationships and are committed to advancing our business procurement with Indigenous businesses to improve economic participation in the industry. We will continue this effort and plan to increase this total spend to 5% by 2025.

RIGHTS OF INDIGENOUS PEOPLES

Canfor recognizes the assertion of Indigenous Rights and Title. We disclose all material litigations and legal proceedings in our regulatory findings. During the reporting period, there were zero incidents reported in our findings.

We acknowledge there are other avenues of communication with our neighbouring Indigenous communities and endeavour to create an open forum to actively listen to their feedback.

COVID-19

While COVID-19 created barriers to face-to-face interactions, we continued to engage with our Indigenous communities through virtual platforms. To assist our communities with technology, we donated several computers to the Prince George Nechako Aboriginal Employment and Training Association, one of our many

partners in B.C.'s Interior. Many of these computers helped to train Elders in using networking platforms, so that they could remain connected to their families during the pandemic.





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Human Rights

Ensuring that our people and the communities we operate in are treated fairly has always been the foundation for our company's success.

The events of 2020, including COVID-19 and social justice movements, have only further highlighted the need to ensure a safe, equitable and inclusive environment for all.

We are committed to protecting and advancing human rights. Our goal is to ensure that human rights are respected across our company and our value chain, and with the stakeholders, partners and special interest groups in the communities where we operate.

In doing so, we recognize the importance of international human rights frameworks such as the International Bill of Human Rights, which comprises of the:

- Universal Declaration of Human Rights
- International Covenant on Civic & Political Rights
- International Covenant on Economic, Social & Cultural Rights
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work

Within the company, we continuously work to ensure all operations meet or exceed regulatory laws and requirements to protect the rights of our employees, contractors, suppliers and members of our communities.



We are committed to respecting human rights across our company, value chain and with stakeholders, partners and special interest groups in our communities.



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Our Approach

Ensuring the wellness of our team members includes a commitment to fair labour management practices, equitable treatment, zero tolerance for discrimination, and the advancement of diversity and inclusion in the workplace.

EQUITABLE PAY

Canfor periodically verifies that our pay practices comply with applicable laws and regulations. We always address any known compliance issues in a timely manner.

We continually revisit our compensation framework in order to support our philosophy of competitiveness and fairness. By design, this framework is exempt of systemic biases. We also conduct regular audits to address equity and fairness issues.

LABOUR RELATIONS

We comply with all applicable labour and freedom of association laws and collective agreements. 37% of our employees in our Canadian lumber operations are covered by collective agreements with the United Steelworkers (USW); Pulp, Paper and Woodworkers of Canada (PPWC); and UNIFOR. 67% of our employees in our pulp operations are covered by agreements with UNIFOR and PPWC.

Our U.S. lumber operations are non-unionized. Management believes that working directly with our U.S. employees results in the most beneficial employment relationship for all involved.



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DIVERSITY AND INCLUSION IN THE WORKPLACE

At Canfor, we are working hard to cultivate meaningful change to foster stronger inclusion, diversity and equity. We want to make sure all employees feel safe, valued, respected, heard and engaged.

We are committed to becoming a more inclusive and balanced workforce, with our senior leadership and employee demographics reflecting the communities where we operate. To achieve our goals:

- We have and enforce strong Code of Conduct and Bullying and Harassment policies. These outline the standards and values that apply to all employees and contractors, service providers, suppliers and agents, and their employees.
- We will deliver Inclusion and Diversity training to all North American salaried employees, and Indigenous Cultural Awareness and Understanding training to all Canadian salaried employees by 2021.
- We implement inclusive hiring practices that attract a more diverse group of people and create a fair and

equitable recruitment process.

- Our Indigenous Talent Program seeks to attract more Indigenous candidates and connect them with career opportunities through guidance, skill matching, access to advisors and interview preparation.
- The Diversity Council, sponsored by our CEO, informs and prioritizes actions within our Inclusion, Diversity and Equity strategy; advises on company policies; supports goal setting around hiring, retaining and advancing a diverse workforce; addresses any employee engagement concerns among under-represented groups; and continually looks for ways to embed and advance inclusion and diversity. Council members represent different dimensions of diversity, business functions and geographic locations.
- We track and review the results of our efforts quarterly using data, surveys and benchmarks, which show us where we need to improve.



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GOAL AND TARGETS

We are committed to respecting human rights across our company, value chain and with stakeholders, partners and special interest groups in our communities. This includes building an approach to respecting and protecting human rights within our operations, communities and supply chain, and setting appropriate goals and targets. To do so, we are working to engage experts and key stakeholders and partners to better understand:

- the emerging needs and risks of a global world
- the growing expectations and implications of industry advancements
- regulatory shifts such as the adoption

of the Modern Slavery Act, which is being considered by the Canadian federal government (similar forms exist in other nations where we do business)

We are conducting a value chain risk assessment to better understand what is needed to ensure a leading approach to human rights for Canfor into the future.

The findings will help us to develop the policies, governance structures, systems and tools needed to further embed these values into our business operations. This will help ensure that human rights are fully respected and protected at Canfor by our business partners, and in the communities where we work.

INCIDENTS OF REPORTED DISCRIMINATION

CANADA

In 2020, there were zero claims of discrimination in our pulp operations, and two incidents in our Canadian lumber operations. One claim was found to be discriminatory and the employee(s) involved received disciplinary action. The second incident was unfounded and dismissed after investigation.

U.S.

At our U.S. lumber operations, we had two Equal Employment Opportunity Commission (EEOC) charges of discrimination in 2020. The EEOC did not find grounds to confirm the complaints and the cases were closed. We also investigated two employee complaints of discrimination that were escalated to Canfor's head of office. These incidents were unfounded and dismissed after investigation.



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Community Engagement

It's important for us to maintain community engagement practices and strong working relationships with stakeholders, Indigenous Peoples, and other individuals and groups who have an interest in our operations.

These interests include:

- health and safety
- environmental stewardship
- training opportunities
- procurement
- responsible forest management
- sustainable manufacturing
- community investments
- compliance with regulations and laws

Positive community engagement around these topics allows us to ensure a healthy and balanced forestry life cycle and promote collaboration while reducing risk and conflict. Canfor believes in being a good neighbour in our communities and responsible stewards of the environment. We will be an active corporate citizen focused on the areas of education, community, sustainability and health initiatives.



We will be an active corporate citizen focused on supporting education, community, sustainability and health initiatives.



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Our Approach

Canfor's robust community investment programs demonstrate our support for the places where our employees live and work. Our approach ensures that we have a sustained community giving program through the business cycle and that we're purposeful about allocating funds to local communities and regional initiatives.

COMMUNITY GIVING

Through our programs, Canfor and our employees are proud to give back through volunteering, donations, sponsorship, scholarships and product donations. We also make an economic impact on our communities through direct and indirect economic activities related to our operations.

In 2020, our investments focused on three main categories:

COMMUNITY

- Initiatives include engagement with youth, sports, support services, local business associations, and infrastructure that improves areas where we have operations.

SUSTAINABILITY

- Product donations to programs that have a significant impact on our environment and help maintain a sustainable industry.

LEGACY

- Contributions toward health, fire protection, education, culture and diversity.

Throughout our history, Canfor and our employees have contributed to charitable community groups and activities that have significant long-term benefits to the communities where we live and operate.

Canfor's Corporate Communications team oversees the community investment program. They work in

collaboration with our Indigenous Engagement Working Group, as well as our local mills and offices. Together, this provides guidance on our programming and activities for charitable community groups, schools and post-secondary institutions.

Canfor reassessed the community giving framework in 2020 and in early 2021 restructured our approach. We launched our Good Things Come From Trees (Good Things) program. The forest industry has always been cyclical in nature. Good Things ensures we have a sustained approach to community giving through the business cycles, focusing on the priorities of the communities to which we're closely connected to.



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COMMUNITY ENGAGEMENT

We endeavour to have open relationships with our communities, local governments and community groups. Canfor is involved with local chambers of commerce, as well as industry and business associations. The goals are to promote best business practices, advance policies, introduce new initiatives and ensure long-term viable partnerships.

We continue to build strong working relationships with Indigenous Peoples in support of their interests and cultural values. This happens through initiatives such as partnership commitments, youth employment, workplace diversity and Elder activities. Canfor's Woodlands team tracks all engagement, communications and commitments made to stakeholders and Indigenous Peoples in our COPI database. (Learn

about COPI in the Engagement with Stakeholders and Partners section). This happens as field planning and forestry activities take place. In addition, the Woodlands team uses an Incident Tracking System to track all non-compliances, non-conformances and efforts to resolve the issues, along with the actions required and the timeline to complete.



KOOTENAY FOREST SECTOR COLLABORATIVE

In 2019, Canfor became a founding participant in the [Kootenay Forest Sector Collaborative](#). This was in response to a request from the Premier of British Columbia to develop a positive and forward-looking vision for a successful forest sector in the Kootenay region. The Collaborative represents 27 organizations, including Indigenous Nations, municipal governments, labour leaders and industry. It is working to develop policy recommendations for the Government of B.C. to help strengthen the forest sector in the Kootenays. The recommendations are expected to be submitted to the government in 2021.



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GOAL AND TARGETS

Our aim is to be an active corporate citizen in supporting education, community, sustainability and health initiatives. This section describes how we're working towards that through our current community and

infrastructure initiatives. Canfor is currently collaborating at a corporate level and across all entities to identify the appropriate goals and targets for community engagement. We will provide them in future reports.

INFRASTRUCTURE INVESTMENT

Our Grande Prairie operation manages and maintains over 3,000 kilometers of roads within its forest tenure areas in Alberta. We promote the safe use of these road systems, and support community programs in the region.

Canfor's capital road and bridge infrastructure investment for the company, and capital contribution to the broader Canadian communities where our operations are located, was

over \$4.1 million in 2020. Major projects included:

- upgrade works on the Big Mountain/ Main Roads in Grande Prairie, Alberta at \$850,000
- Halfway Graham forest service roads resurfacing in Fort St. John, B.C. at \$850,000
- a cost-shared resurfacing project on the Morice River forest service road in Houston, B.C. at \$1.7 million

In 2020, Canfor supported over 180 charities and non-profit organizations

COMMUNITY INVESTMENT

In 2020, Canfor was proud to support over 180 charities and non-profit organizations, which resulted in over \$605,000 in community contributions in Canada and the U.S.

The company had to temporarily pause our program in the spring of 2020, as the pandemic curtailed operations at a significant number of our mills. We restarted our community program in the fall of 2020, as the forest products industry recovered.

All of these roads are important public or industrial access corridors, which Indigenous communities also use to access their traditional territories.

The services required to support these projects were primarily sourced from local providers. That provides direct economic and employment benefits to the local region. In 2020, we constructed other capital infrastructure projects,

such as camps and loadouts, in light of increasing haul distances and trucker/ worker efficiencies. The company also continues to invest in LiDAR, an active remote sensing technology that provides information about terrain conditions and tree stand attributes (e.g., height and volume).



Photo Credit: Travis Butz



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Our planet will become more resilient because our practices and products play an integral role in helping to protect the planet and fight climate change.

Safeguarding the health of our natural environment requires strong actions around:

- sustainable forestry
- climate change
- air quality
- water management

On each front, Canfor is making clear improvements and commitments. We have a responsibility to those who depend on us today, and to the generations to come.



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Sustainable Forestry

Sustainable forest management is good for the planet.

Trees store carbon, and so do the wood products made from them. The right practices can play a role in combatting climate change. Canfor is committed to world-class sustainable forestry, which will result in resilient forests. Through forest management, we can also maintain biodiversity and habitat for wildlife, including conserving water quality and fish habitat.



We are committed to practicing world-class sustainable forestry that will result in resilient, productive and biodiverse forests. We commit to building collaborative partnerships and developing innovative solutions to contribute positively to forest health and climate change mitigation.





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Our Approach

The environmental and climate benefits of our forests are first and foremost.

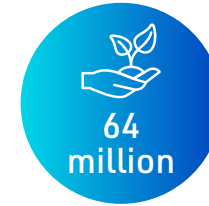
We know too that the long-term sustainability of forest ecosystems is in the mutual best interests of our employees, local communities, Indigenous partners, woodlot owners and Canfor. We value wood for being renewable, high quality, reliable and environmentally sustainable – as a carbon-storing building product and as raw material for our pulp and paper products.

We recognize that harvesting and building roads in forested areas can affect wildlife and water quality. The concentration of harvesting in watersheds can also affect peak flow volumes and timing. That’s why we are continuously working to lessen these potential effects by implementing credible, science-based, ecosystem-focused and sustainable forest management practices.

Our forest management program includes all of our North American operations. In Canada, we source wood primarily through long-term tenure agreements on publicly owned land, which are third-party certified. In the U.S., we do not manage forest lands directly. We deliver on our commitment to sustainable forestry through our certified fibre-sourcing practices. Having independent forest certifications assures our customers that they are buying products from forests managed to comprehensive environmental, social and economic standards.

Forest management can have a range of potential social and ecological effects. We aim to build collaborative partnerships and develop innovative solutions that contribute positively to forest health, enhance our forests’ resilience and productivity, and mitigate climate change.

We deliver on our commitment to sustainable forestry through our certified fibre-sourcing practices.



SEEDLINGS PLANTED IN 2020



SEEDLINGS PLANTED OVER THE LAST 20 YEARS



HOW CAN FOREST MANAGEMENT HELP MITIGATE CLIMATE CHANGE?

Sustainably managed forests, and the use of wood products, can play a big part in reducing emissions and combatting climate change.

As trees grow, they absorb carbon dioxide and store carbon. When a tree is harvested, 40% to 60% of the carbon stays in the forest through roots and branches that are left on the forest floor. The rest of the carbon remains in the logs and is stored there for the life of the end products.⁷

The amount of carbon dioxide released through harvesting is small compared with what is typically released through forest fires and other natural disturbances such as insect infestations and diseases. In addition, sustainably managed forests help to minimize these occurrences.

⁷ [Tackle Climate Change Use Wood](#). The Forest Products Association of Canada (FPAC).



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SUSTAINABLE FOREST MANAGEMENT SYSTEM

Throughout our operations, we prioritize responsible stewardship of the environment. In this area, we're held accountable by our Sustainable Forest Management System (SFMS), Environment Policy, Log Procurement Program Policy and Sustainable Forest Management Commitments. All are developed and maintained by senior executives, approved by the president and CEO, and reviewed by the Canfor board of directors. These systems, policies and commitments help us to continually improve.

The scope of the SFMS includes all activities within Canfor's operations on company forest tenures, including activities performed by Canfor's employees, crews and contractors. This enables Canfor to:

- maintain forest certification of our woodland tenures and sourced wood

- maintain and regenerate resilient and productive forests, as well as habitat for wildlife (with special consideration for species at risk)
- avoid deforestation and land conversion
- mitigate the risk of forest fires
- minimize sediment input into streams and rivers, in consideration of aquatic life and water quality
- manage interdependencies with other material topics, such as climate change, water management and air quality

Our reforestation processes are regulated closely by the provincial governments of B.C. and Alberta. We ensure that all our practices meet and exceed regulations, resulting in resilient, productive and biodiverse forests.



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FOREST STEWARDSHIP

CANADA

In Canada, we operate primarily on public lands and are required to follow government policies and regulations, which we are committed to meeting and exceeding, when possible.

British Columbia

In accordance with B.C.'s *Forest and Range Practices Act*, our Woodlands group must prepare forest stewardship plans. These show how our operations meet objectives set by the government for 11 resource values:

- soils
- timber
- wildlife
- water quality

- fish/riparian
- biodiversity
- visual quality
- recreation
- cultural heritage
- forage and associated plant communities
- resource features

Before the government approves a plan, we must invite and consider input from the public and Indigenous communities. This ensures we are building collaborative partnerships, which contribute positively to forest health and climate change mitigation.

Alberta

As part of holding forest tenure in Alberta, we're required to develop or participate in forest management plans. These consider a broad range of forest values and social, economic and environmental factors, including water quality, wildlife habitat, recreation and tourism. Preparing these plans includes a range of opportunities for public consultation, including engagement with Indigenous Nations.

The current 10-year Forest Management Plan contains a suite of strategies to ensure that we optimize the mid- and long-term timber supply, while addressing other public and resource objectives.

U.S.

As part of our commitment to being a responsible steward of the environment, our U.S. lumber operations focus on sustainable sourcing and procurement on all timberland. We also encourage landowners to share that focus.

In the future, Canfor plans to support woodlot owners to adopt Sustainable Forest Management (SFI) or American Tree Farm System® (ATFS) certifications. Both programs align with our sustainability ambitions and values.





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Photo Credit: Caitlin Gendur

GOVERNANCE AND ACCOUNTABILITY

Canfor's Corporate Environmental Management Committee (CEMC) provides high-level oversight and due diligence of our sustainable forestry, air quality, water and waste practices. It also advises both the Canfor Board of Directors and Canfor Pulp Board of Directors about our manufacturing facilities and environmental and sustainable forest management performance. The CEMC has representation from across the businesses. This includes the Senior Vice President, Corporate Finance &

Sustainability; Vice Presidents of Canfor Southern Pine, Canfor, and Canfor Pulp; Environmental Managers for each business unit; and Internal Legal Counsel.

We also have a Joint Environmental, Health and Safety Committee that reviews and makes recommendations to the Canfor Board and Canfor Pulp Board. The committee considers topics such as Canfor's efforts to maintain priority status for the protection of the environment.

FEEDBACK MECHANISM

We have a process to resolve feedback related to forest management, fibre sourcing, and controlled wood/chain of custody certification. Typically, sites deal directly with the issue at hand. If a stakeholder is not satisfied with

the outcome of their enquiry, or hasn't received a response within a reasonable time, they may lodge a complaint with Canfor. Where applicable, these complaints are relayed to the CEMC for further resolution.



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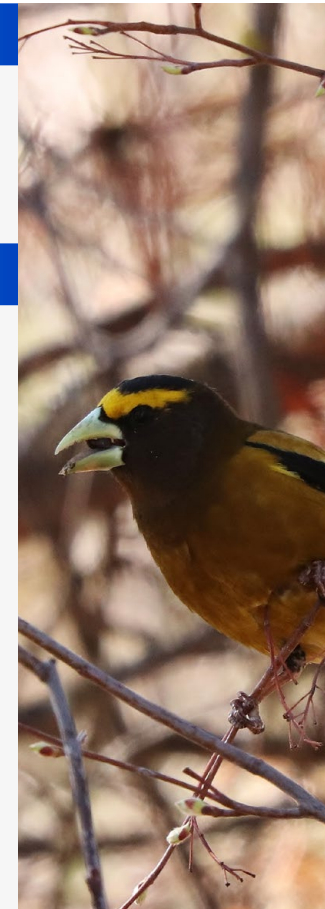
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GOALS AND TARGETS

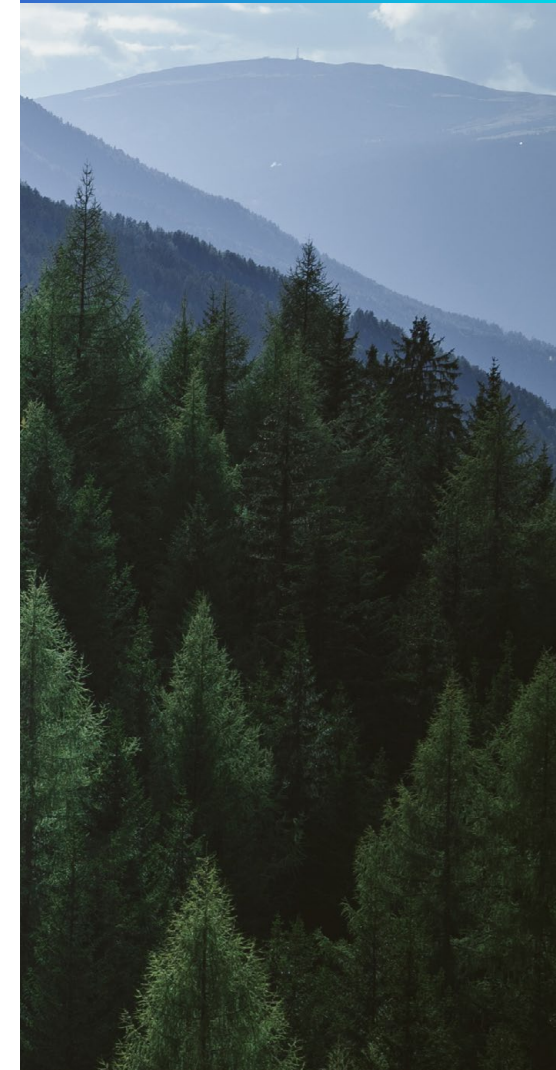
Canfor's goal is to practice world-class sustainable forestry that will result in resilient, productive and biodiverse forests. We commit to building collaborative partnerships and developing innovative solutions to contribute positively to forest health and climate change mitigation.

GOALS
<ul style="list-style-type: none"> To practice world-class sustainable forestry that will result in resilient, productive and biodiverse forests. To build collaborative partnerships and develop innovative solutions to contribute positively to forest health and climate change mitigation.
TARGETS
<p>Canadian Woodlands Operations</p> <ul style="list-style-type: none"> Maintain 100% certification to SFI or FSC forest management standards for all Canfor managed forests. Enhance the climate change resilience and future productivity of our forests by implementing credible science-based sustainable forest management practices. <p>U.S. Lumber Operations</p> <ul style="list-style-type: none"> Achieve 100% certification to the SFI Fibre Sourcing Standard for all sourced wood. Support willing land and woodlot owners to achieve 50% of SFI forest management certification or American Tree Farm System certification by 2030. <p>North America Lumber Operations</p> <ul style="list-style-type: none"> Maintain biodiversity and habitat for wildlife by employing ecosystem-based management and collaborative partnerships, with special consideration for species at risk. Conserve water quality and fish habitat by implementing best management practices to minimize erosion and sedimentation.



CANADA LEADS THE WORLD IN CERTIFIED FOREST AREA

With 135,270,299 hectares of certified forest, Canada has the most of any country in the world. In fact, Canada has 100 million hectares more than number two on the list—the U.S.⁸



⁸ PEFC Global Statistics, December 2020



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To help achieve our goals and targets, we follow internationally recognized forest management and chain of custody standards. These standards give our customers several assurances, including that:

- the wood we use originates from responsible sources
- long-term harvests are sustainable
- there is no unauthorized or illegal logging
- wildlife habitat is preserved, and soil and water quality are maintained

Our commitment to sustainable forestry is linked to third-party certification.

Canfor's customers can be confident that our products come from well-managed and sustainable forests, and that the raw materials in our supply chain come from legal and responsible sources (whether or not the forests are certified).

Canfor has third-party certification from:

- The Sustainable Forestry Initiative® (SFI) for the tenures owned and managed by our operations in B.C. and Alberta, with two separate certificates:
 - a multi-site SFI Forest Management certificate for all Canfor operations

in B.C. and northern Alberta; and

- an SFI Fibre Sourcing multi-site certificate for all areas that procure wood directly from public and privately owned forests.
- The Forest Stewardship Council® (FSC) at sites in B.C.'s East Kootenay.

Further, we track our forest-based products from their sustainable forest origins, through the log scale, log yard, manufacturing facilities and finally to our customers. This happens via the Programme for the Endorsement of Forest Certification (PEFC) chain of custody certification, and FSC chain of

custody in the East Kootenay. See details on Canfor's third party certifications, public summary and audit reports on our website.

As a result:

- 100% of our Canadian Woodlands operations on our forest tenures are FSC or SFI certified
- 99% percent of our U.S. lumber operations' raw material wood supply, purchased from woodlot owners, meets the requirements of the SFI Fibre Sourcing Standard
- 93% of our pulp mills' fibre was from FSC- and PEFC-certified Chain of Custody sources⁹

SUSTAINABLE FORESTRY AND CLIMATE CHANGE

The Intergovernmental Panel on Climate Change recognizes that sustainable forest management is part of the climate change solution. As trees grow, they capture a large amount of carbon from the air. This carbon is stored for the life of the tree or the wood product made from it. Canfor contributes to this solution through strong efforts in regenerating forests and responding to wildfires.

REGENERATING FORESTS

Prompt reforestation is a key element of sustainable forest management and creating the healthy forests of tomorrow. This work starts long before a tree is cut.

Forest professionals identify the silvicultural system that keeps the forest as natural as possible. This means identifying reserves to protect scenery

and to keep dirt out of waterways, timing the harvest to avoid soil damage, ordering seedling stock well in advance, and more. Canfor's silviculture program helps maintain forest productivity, and gives our young trees a head start against competing vegetation.

The industry harvests less than 1% of the forests in B.C. each year. To make a positive impact, Canfor plants three

seedlings for every tree harvested. More than 90% of the seedlings survive and thrive. Over the past two decades Canfor has planted over 1 billion seedlings. We are able to achieve the commercial value from the timber, while conserving all forest values.

⁹ The 7% balance of pulp mill fibre was sourced from external chip suppliers who did not declare their certification percentage on time at the end of the year, and from private landowners and non-forest related industries (oil, mining, etc.) clearing the land with no forest certifications.



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PLANNING AND PLANTING

Planning for Canfor’s reforestation program looks at forest health, changes in climate, access to the block, seeds of the species, climate and feedback from stakeholders.

Tree planting is the key to our reforestation success. In 2020, with the help of 10 planting contractors and over 1,000 tree planters, Canfor planted more than 64 million seedlings. Once an area is planted, we continuously monitor to determine the health of the area and manage the natural regeneration to

increase species and genetic diversity. We manage our planted areas until they are free to grow.

Our reforestation processes are regulated closely by the provincial governments of B.C. and Alberta. We ensure that all our practices meet and exceed regulations, resulting in resilient, productive and biodiverse forests.

Prompt planting immediately after harvesting gives seedlings a head start to grow above other vegetation.

About 60% of seedlings planted by Canfor come from seed orchards. These orchards select trees that exhibit superior growth and resistance to forest health problems (e.g., pests and disease). This approach supports and enhances forest resiliency, by targeting genetics that can tolerate the conditions more likely to occur with climate change. Seed orchards have greater genetic diversity than natural stands, enabling seed orchard trees to adapt to a wider range of conditions.



COLLABORATIVE FORESTRY STEWARDSHIP WITH INDIGENOUS NATIONS

Our divisions work in partnership with local First Nations to protect their values around forest biodiversity, riparian areas and moose. Our collaborative Forestry Stewardship Framework provides direction for planning, development and operations, emphasizing:

- landscape-level retention planning
- in-block reserves and individual tree retention
- enhanced riparian (streamside) reserves

In-block reserves are bridged to cutblock edges with piles or windrows of coarse woody debris, such as rotten or broken logs and pieces of wood. This provides connectivity and habitat for small mammals such as marten, fisher and rodents. If roads within cutblocks are not required for further use, we close or restore them following harvesting. This reduces impacts to wildlife and hydrological functions.



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MANAGING OUR SEEDS AND SEEDLINGS

Enhancing climate change resilience and the future productivity of our forests begins with our seeds and seedlings. Their health and success predict the development and health of our forests.

We manage our seeds and seedlings in multiple ways, both through our own forest centre and our investment in a seed orchard. These strategies offer advantages for our operations and for the wellness of our forests.

Canfor owns and operates the JD Little Forest Centre (JDL) near Prince George, B.C. This nursery grows roughly nine million trees each year for our tree-planting programs, representing around 15% of our total seedling needs. JDL grows exclusively white spruce seedlings for the central interior of B.C.

None of our competitors have a nursery of this scale. Why do we do it? The in-house expertise provides us with knowledge of the challenges and opportunities around seedling production and gives Canfor's Silviculture staff vital training on the process.

Having our own growing facility in the central interior of B.C. reduces costs for cold storage and

transportation of seedlings every spring.

Canfor is also part owner of the Vernon Seed Orchard Company and Huallen Seed Orchard Company, both of which supply our reforestation programs.

In B.C., more than 60% of our seedlings are grown from improved seed, while almost half of our harvested sites in Alberta are planted with improved stock. Using improved seed offers a range of biological, social and economic benefits. That includes conservation of genetic diversity, improved forest health, greater forest resiliency, increased site productivity and reduced brushing.

Canfor is working with researchers and seed orchard managers to increase the amount of seed available from parents identified as having resistance to pests and disease in our operating areas. In cooperation with provincial tree breeders, the Vernon Seed Orchard Company is continuously evaluating orchards and upgrading selected family composition. This increases gain, germination, wood density and pest resistance.





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RESPONDING TO WILDFIRES

Experts agree that climate change is a factor in the increasing number and severity of wildfires around the world. In B.C. and Alberta, 2020 presented a relatively quiet wildfire season compared to 2017 and 2018, which were the most destructive on record. We can make an impact on climate change by both preventing and responding to fires.

Canfor collaborates with our local communities on Fire Smart programs that protect against wildfires. For example, we have worked with several communities in the East Kootenay region and one in Alberta to cut the fuel load in the forests around them, reducing the risk of severe wildfire.

Canfor also continues to improve our wildfire response procedures, working with the government and our industry partners to:

- reduce wildfire risk through prompt fire hazard abatement
- increase our preparedness via equipment and crew readiness, planning and logistics
- improve our wildfire response measures through prompt action and effective communications

In 2020, Canfor operations focused on completing the salvage-harvesting of the remaining burnt timber stands from the devastating fires of 2018. This included maximizing the use of fire-killed timber, by optimizing extraction of saw logs and pulp logs.





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BIODIVERSITY AND SPECIES AT RISK

As part of our commitment to contribute positively to forest health and climate change mitigation, it is pivotal that we maintain biodiversity and habitat for wildlife. We do so by employing ecosystem-based management, with special consideration for species at risk.

This system includes tracking each species listed on provincial, federal and international species at risk lists in a detailed database. We have Standard Operating Procedures and training, which identify species at risk or their habitat. These guide the actions of staff and contractors when they encounter these species in the field or while planning our forestry operations.

CANADA

Our operating areas in B.C. and Alberta include 45 species, sub-species and designated populations evaluated by COSEWIC (Committee on the Status of Endangered Wildlife in Canada) for inclusion on Schedule 1 of Canada's Species at Risk Act and included on the International Union for Conservation of Nature's (IUCN) Red List of Threatened Species. This includes mammals, birds, amphibians, reptiles, fish, insects, plants, lichens, mosses and mollusks, which all may be affected by forestry activities. The table below breaks down the species by level of extinction risk.

As we operate, it's important to carefully consider the impact on biodiversity and

habitats. Forestry operations (e.g., opening up dense forest and creating open areas) can create a habitat for species such as the American badger, Rufous Hummingbird and Common Nighthawk. However, habitats for other species require special management. For example, the Rocky Mountain tailed frog and Rocky Mountain sculpin occupy small streams and require clear, cold running water.

Some species, such as Woodland Caribou, need habitat management and protection on a large landscape scale. In B.C., substantial areas of caribou habitat have been legally set aside from forestry activities or prescribed for special management.

U.S.

In the U.S., our fibre procurement team monitors any critically endangered and endangered species that may be on or near timber tracts to be harvested. We gather information from the Nature Conservancy, Natural Heritage Program, State Wildlife Action Plans, NatureServe and the Natural Heritage Program regarding these species. If any are noted, we take appropriate measures to protect them.

We will continue to pursue partnerships and improved ecosystems-based management to protect biodiversity and species at risk.

 Number of Species by Level of Extinction Risk Within Canfor's Canadian Operating Areas¹⁰

IUCN RED LIST CATEGORY	2020
Extinct	0
Extinct in the Wild	0
Critically Endangered	2: Suckley's Cuckoo Bumble Bee, Alkaline Wing-nerved Moss
Endangered	2: Whitebark Pine, Little Brown Myotis
Vulnerable	11
Near-Threatened	7
Least Concern	23



¹⁰ An additional species, the Gypsy Cuckoo Bumble Bee, is considered 'Data Deficient' by IUCN and has not yet been assigned a ranking.



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CONSERVING BIODIVERSITY AND PROTECTING HABITATS

All of the initiatives and actions we undertake build on our goal to practice world-class sustainable forestry. That happens at both the landscape and stand levels, and results in resilient, productive and biodiverse forests. We've developed standard work procedures and collaborative partnerships at each of our divisions to protect habitats for wildlife, with special considerations for species at risk.

For example, threatened birds can require standing dead trees for cavity nests. Our procedures include instructions to retain existing dead trees and recruit future ones by leaving live trees with suitable characteristics. In areas with streams where threatened fish or frogs occur, we minimize erosion and sedimentation at stream crossings and maintain streamside forests.

In our Canadian lumber operations, we have developed comprehensive guidebooks on the species at risk in our operating areas. In our U.S. lumber operations, we conduct threatened and endangered species checks, and work with the landowner (if present) to protect these species from forest operations.

At the landscape scale, we track the amount of old growth forest present in our B.C. operating areas. This ensures amounts meet legal targets, which are informed by natural disturbance patterns. Canfor also has Standard Operating Procedures outlining measures to maintain or enhance habitat for species at risk (such as Mountain Caribou), and to enhance habitat for migratory birds.

We prevent the introduction of invasive species through grass-seeding areas of exposed soil, where these plants are highly likely to become established. We also identify rare ecosystem types, and either place these areas in reserves or remove them from within planned cutblock boundaries. These ecosystems tend to have rare species associated with them, including small plants, lichens and invertebrates. These are not easily monitored. So our efforts protect an important component of biodiversity.



PARTNERSHIPS

Canfor is involved in many noteworthy partnerships and projects designed to advance forestry planning. For example:

- The [forWater Research Network](#) is a Canada-wide interdisciplinary partnership that works on innovative solutions to address climate change impacts on forested source drinking water.
- The [Forest Management Wetland Stewardship Initiative](#) is a partnership with Ducks Unlimited Canada and other forest sector leaders. It promotes sustainable forest management and wetland stewardship in the boreal forest.
- Through partnerships with researchers at the University of Alberta, we're increasing our knowledge of how to maintain migratory bird habitats (through forestry practices) and conserve biodiversity (through emulating natural disturbance patterns).





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CONTINUOUS IMPROVEMENT

To keep ourselves accountable and ensure we're making progress towards our goals, we conduct woodlands audits. The scope of the internal and external audits relates to:

- sustainable forestry
- forest productivity and health
- protecting water resources, biological diversity and special sites
- responsible fibre sourcing practices
- legal compliance
- continual improvement

As we identify improvement opportunities, we develop and monitor action plans.

B.C. and Alberta monitor compliance through planned and random audits of forest operations and field inspections. B.C.'s independent Forest Practices Board also conducts audits and investigations, and issues public reports.

In B.C., Canfor's Kootenay Division operations are certified to the FSC forest management standard. In 2020, the region transitioned to the new FSC National Forest Stewardship Standard of Canada (V 1-0). An audit found that the Kootenay Division's forest management system was in full conformity with the requirements of the standard.

FORESTRY ENVIRONMENTAL COMPLIANCE

We monitor incidents of non-compliance with legal requirements for environmental activities and categorize them by severity. Canfor investigates non-compliance incidents, completes root cause analyses, and develops and implements corrective actions around all categories of significance. We did not receive any fines for forestry environmental non-compliances, nor any non-monetary sanctions. In addition, no cases came through our feedback mechanisms in our operations.





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Climate Change

The increasing frequency of extreme weather, wildfires and insect infestations can all be linked to climate change.

This will continue to have a significant impact on our forests, the communities we operate in and our business. Our sustainably managed forests, and our wood-based products, each play a crucial role in mitigating climate change.

The benefits are clear. As the B.C. Council of Forest Industries describes, forests left untouched tend to gradually lose their carbon-absorbing features over time. What's the solution? Younger sustainably managed trees, which grow faster than mature trees. That speeds up the pace of exchanging carbon for oxygen. By taking that approach through harvesting and replanting, we can achieve long-term carbon sequestration.¹¹

Just as forest management is a responsible choice, so are products derived from wood. Wood products are renewable and require less energy to extract, process and transport than the alternatives. Wood product-based construction requires less energy to build and maintain. Moreover, wood products serve as a carbon storage material, locking it in as long as the product is in use.

¹¹ BC Leads the World In Sustainable Forestry. B.C. Council of Forest Industries.



We are committed to playing a leading role in the transition to a low-carbon economy by reducing emissions and producing products that help mitigate climate change.



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WOOD CONSTRUCTION HELPING TO TACKLE CLIMATE CHANGE

Carbon remains in wood products such as lumber, millwork and furniture for decades after it is produced. For example, a typical 2,500-square-foot wood-frame home stores an estimated 30 metric tonnes of carbon. That's the equivalent of driving your car for seven

years. Compared to a wood-frame house, the carbon footprints of a steel-frame or concrete-frame house are 26% and 31% higher, respectively. Building with wood represents a significant opportunity in sustainable development and emissions reduction.¹²

Canfor's sustainable forest management and product advantages put us at a good starting point. Still, we recognize our responsibility to reduce carbon and other greenhouse gas (GHG) emissions within our operations. We are committed to creating a robust plan to address our impact on climate change. That will see us tackle additional emissions reductions within our operations, review emissions within our value chain, and lead the development of innovative low-carbon products.

As part of these efforts, we will conduct emissions forecasting, develop decarbonization pathways, and establish ambitious targets and a roadmap to get there. We already have

developed a carbon inventory for our Scope 1 and Scope 2 emissions.¹³ This integrates data from our North American facilities and sales offices worldwide. In the near future, we'll include estimates of Scope 3 emissions from indirect sources.¹⁴

We have also established a Bio-Innovation team. Its mandate is to find new opportunities to rethink, evolve and grow our business across the areas of biofuels, biochemicals and biomaterials. See "What's ahead: Bio-innovation and Arbios" for details. Together, our actions and commitments promise to respond to the climate change challenge.

¹² [A Partner in The Fight Against Climate Change](#). B.C. Council of Forest Industries.

¹³ Scope 1: Carbon dioxide equivalent (CO₂e) emissions from operations we directly own or control. This includes on-site energy generation facilities and our own processes, power boilers and on-site vehicles. Scope 2: CO₂e emissions related to the electricity we purchase externally for use in our operations.

¹⁴ Scope 3: CO₂e emissions owned and controlled by other entities within our value chain.

¹⁵ [Low Carbon Forest Products For the World](#). B.C. Council of Forest Industries.

¹⁶ [Forest Products for The World](#). B.C. Council of Forest Industries.



SUSTAINABLE PRODUCTS ARE IN DEMAND

Forest products are the ultimate renewable resource. We take a resource grown by the power of the sun and turn it into low carbon solutions.

The sustainable benefits of wood-based products make it a product of choice for our customers around the world who are looking for renewable building materials to support sustainability strategies such as net-zero emission buildings and replacing plastics.

Compared to high emission products like plastics, steel and concrete, carbon remains stored in wood-based products, resulting in a lower environmental footprint. Wood also insulates 15x better than concrete and 400x better than steel.¹⁵

Our industry has been working for years with our customers to build the markets and opportunities for wood-based products. The B.C. Council of Forest Industries (COFI) is a leader in developing our markets overseas, advising on wood building codes and wood products standards in Asia, as well as providing training in designing and building with wood. The B.C. forest sector also works in partnership with Canada Wood, B.C. Forestry Innovation Investment and Natural Resources Canada to grow our overseas markets and educate on the benefits of wood.¹⁶

Not only can we help to mitigate climate change in the way in which we manage our business and our forestry practices, our products themselves are part of the climate change solution.



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Our Approach

Our commitment to playing a leading role in the transition to a low-carbon economy will be a journey. Canfor's Environmental Policy sets us on a course of continuous improvement. Our environmental and energy management systems ensure that operations are in compliance with regional environmental regulatory requirements, and that we continually improve our energy efficiency and environmental practices.

We also recognize that Canfor's forest management practices play a key role in reducing carbon emissions.¹⁷

GOVERNANCE AND ACCOUNTABILITY

Canfor and Canfor Pulp's Joint Governance and Sustainability Committee of the Board provides strategic guidance to our sustainability program, including issues from material topics like climate change. The committee reviews and monitors key sustainability performance and includes considerations of climate-related issues in corporate-level strategies.

Our SVP, Corporate Finance & Sustainability provides oversight of Canfor's direction for sustainability and integration to the corporate strategy.

This happens by maintaining and regenerating resilient and productive forests, avoiding deforestation and land conversion, and mitigating risks of forests fires. For more details on our forest management program, see the Sustainable Forestry section.

We are developing a climate change strategy to define how we will mitigate emissions, and the climate-related physical risks to our forests.

This includes the risks and opportunities related to climate change. Our Director, Environment & Sustainability is responsible for the development and execution of the climate change strategy. For more information on these roles, see the Sustainability Governance section.

A new Working Committee will support progress on Canfor's climate strategy development. The committee will set priorities and develop the roadmap needed to meet our targets.

¹⁷ Carbon emissions in this section refers to carbon dioxide (CO₂) and other greenhouse gases. These are expressed as metric tonnes of carbon dioxide equivalents.

TACKLING CLIMATE CHANGE THROUGH FOREST MANAGEMENT

Canfor prioritizes the harvest of trees that are most susceptible to pests, disease and fire. We conduct prompt reforestation and stand-tending to promote vigorous growth and high rates of carbon sequestration. We continually monitor developments in carbon sequestration modelling, using

best practices in our management planning.

By maintaining or increasing the diversity of tree species on the lands we manage, we can buffer the negative impacts of climate change and help forests become more resilient.



PLANTING SEEDS STRATEGICALLY TO MITIGATE CLIMATE CHANGE

Sometimes, we will move tree seeds from areas where they grow naturally to planting sites that are also suitable for them due to the changing climate. That's called assisted migration, another climate change adaptation strategy.

Assisted migration is changing where we source and deploy our seeds, and the composition of our seed orchards. It's about improving how we match seeds to the current and

projected climates of the sites we reforest.

Canfor is also participating in the B.C. Government and Forest Genetics Council's Climate-Based Seed Transfer project. We are analyzing a tool to help our operating areas identify seeds that can adapt to a changing climate. It's all part of our effort to establish and maintain healthy, resilient and productive forests for today and well into the future.



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FPAC'S "30 BY 30" CLIMATE CHANGE CHALLENGE

All of us have to do our part to combat climate change. As part of the forest sector, Canfor supports the Forest Products Association of Canada's "30 by 30" Climate Change Challenge. That's a pledge from the Canadian forest industry to remove 30 megatonnes (MT) of CO₂e a year by 2030.

Overall, the federal government is committed to reducing emissions by 30% by 2030—the equivalent of 225 MT of carbon a year. The forest industry's commitment would contribute more than 13% of the reductions needed to meet the Government of Canada's emissions target.



Performance

GOAL AND TARGETS

We are continually improving our operations to increase energy efficiency and reduce our environmental footprint.

To make even more progress, Canfor is:

- exploring a science-based approach to setting carbon emission reduction goals and targets
- identifying abatement strategies to reduce emissions through Scope 1 and Scope 2
- creating a roadmap for our businesses to achieve our climate change-related goals

We'll publish our defined goals and targets in 2022.

CARBON INVENTORY

We took inventory of our Scope 1 and Scope 2 carbon footprint for 2019 and 2020. This contributes to our efforts in establishing a formal baseline as we further define our reduction goals and targets.

Our carbon inventory was calculated using recognized standards and protocols, such as the GHG Protocol of the World Resource Institute and the World Business Council for Sustainable Development. To consolidate the inventory, Canfor chose an operational control approach. This includes emissions from all companies and business entities that operate under Canfor's operational control (with the exception of Vida).

Estimation of our Scope 3 emissions is underway, and we will disclose the results in future reporting periods.

The following table provides a breakdown of our emissions by Scope 1 and 2.

Total Emissions by Category (tCO₂e)

EMISSIONS	2020		2019 ⁷	
	All Sources	Nonbiogenic Sources	All Sources	Nonbiogenic Sources
Sources				
Total Emissions - Direct (Scope 1)²	4,820,653	759,787	5,279,520	747,264
Total Emissions - Indirect (Scope 2)³	105,808	105,808	107,569	107,569
Total Emissions (Scope 1 & 2)^{1,4,5,6}	4,926,461	865,595	5,387,089	854,833

¹ Excludes Vida and HPLP.
² Scope 1 (Direct) Greenhouse Gas Emissions: Emissions that occur from energy sources that are owned or controlled by the company.
³ Scope 2 (Indirect) Greenhouse Gas Emissions: Emissions that occur from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated.
⁴ Canfor's quantification methodology for our Scope 1 and Scope 2 emissions is aligned with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
⁵ Emissions are stated in metric tonnes on a CO₂e basis, which is inclusive of CO₂, CH₄, N₂O and HFCs. It was determined that PFCs, SF₆ and NF₃ are not emitted from Canfor operations.
⁶ Greenhouse gases were converted from individual gases into CO₂e using the IPCC Fifth Assessment Report (AR5) global warming potentials (GWP).
⁷ 2019 figures have been restated due to change in calculation methodology.



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The following table shows our total carbon emissions by business units. Canfor's carbon emissions decreased by 9% from 2019 to 2020. During that time, our emissions from biogenic sources fell. This is due to decreased consumption of pulping liquor and biomass fuel due to pandemic-related curtailments in 2020 across pulp and lumber operations. 2020 closures and curtailments in Canadian sawmills also had an impact.

Partially offsetting the overall decrease in biogenic emissions was an increase in non-biogenic emissions. This was related to higher natural gas consumption at our Canadian pulp and lumber operations. The main reasons are increased energy for drying lumber, and challenges related to startups following the pandemic-related curtailments in 2020.

Our Canadian sawmills continue to experience a major "green-up" in the timber we process (see [page 100](#) for more details). This requires more energy to remove moisture from the wood during the lumber kiln drying process.

Similarly, we saw higher natural gas usage in our pulp mills. This was largely attributed to increased steam demand in the facilities and increased incoming hog fuel moisture. We continue to develop projects to improve energy efficiency, reduce fossil fuel use and minimize our carbon footprint.

Our U.S. lumber operations saw an 8% decrease in emissions from 2019, also largely reflecting pandemic-related curtailments in 2020.



Total GHG Emissions by Business Units
(including biogenic and non-biogenic sources) (tCO_{2e})

BUSINESS UNITS	2020	2019 ²
Lumber operations: Canada ¹	774,241	837,498
Lumber operations: U.S.	818,659	889,528
Pulp operations	3,333,561	3,660,063
Total	4,926,461	5,387,089

¹ Canfor's Vancouver head office and overseas offices have been included in the Canadian lumber operations emissions. Other regional offices have been included with their respective business units.

² 2019 figures have been restated due to change in calculation methodology.

CLEANBC INDUSTRIAL INCENTIVE PROGRAM

In 2020, our pulp operations participated in the CleanBC Industrial Incentive Program (CIIP). This Government of B.C.-led initiative aims to reduce carbon tax costs for facilities that operate at or near world-leading emissions benchmarks. CIIP supports

competitiveness and facilitates emission reductions, using revenues from the carbon tax that industry pays above \$30 per tonne of carbon dioxide equivalent. We exceeded the performance criteria of CIIP at all of our pulp mills, which resulted in a net return of carbon tax paid.





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WHAT'S AHEAD: BIO-INNOVATION AND ARBIOS

Sustainability isn't just about the environment. By thinking differently about what we do, we can drive benefits for the planet – and for people.

We realize that we're not just a global leader in lumber, pulp and paper. We're also examining ancillary business opportunities that demonstrate our commitment to our stakeholders' demand for sustainability. We are looking through a different lens at everything we do today and imagining how we could optimize value creation from our resources to contribute to a lower-carbon future.

This led to the development of our Bio-Innovation team in 2020. It will explore long-term economic growth through diversification of sustainable products and lower-impact business solutions. This includes opportunities in

the areas of biofuels, biochemicals and biomaterials.

The team will assess potential opportunities across the spectrum, from proof-of-concept, to commercialization, and implementation. New bioproducts will be designed and developed that meet customer needs and societal expectations around sustainability and renewable materials. The macro trends that will motivate the team include those related to decarbonization and net zero emissions, single-use plastics bans, green buildings and sustainable e-commerce.

Within the bio-innovation sphere, one exciting project is Arbios Biotech. This joint venture between Canfor and technology pioneer Licella will convert wood residues and other biomass into renewable biofuels and biochemicals.

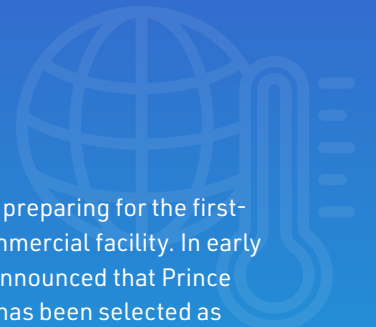
The Arbios Biotech partnership leverages the strengths and capabilities of both companies. Canfor brings vast experience with engineering, operations, supply chain and global business expansion. Licella has dedicated over a decade to developing a patented platform that generates low-carbon bio-crude. From that, low-carbon transportation biofuels and biochemicals can be produced. Arbios blends Licella's pioneering approach with Canfor's broad business expertise. Both companies share a strong commitment to reducing carbon emissions and helping to mitigate climate change.

Throughout 2020 Arbios continued to advance despite the pandemic circumstances in an effort to de-risk the technology.

Arbios is now preparing for the first-of-a-kind commercial facility. In early 2021, it was announced that Prince George, B.C. has been selected as the location for this scale up facility. Pending final approval, construction and commissioning is anticipated in late 2022.

Canfor Pulp will host the Arbios Biotech facility at a pulp mill site, with biomass feedstock sourced mainly from local sawmill operations. Arbios Biotech's bio-crude product will be processed through an existing refiner to produce low-carbon transportation fuels.

Arbios Biotech and its related partnerships are another demonstration of Canfor's commitment to environmental sustainability and drive to economic business diversification.





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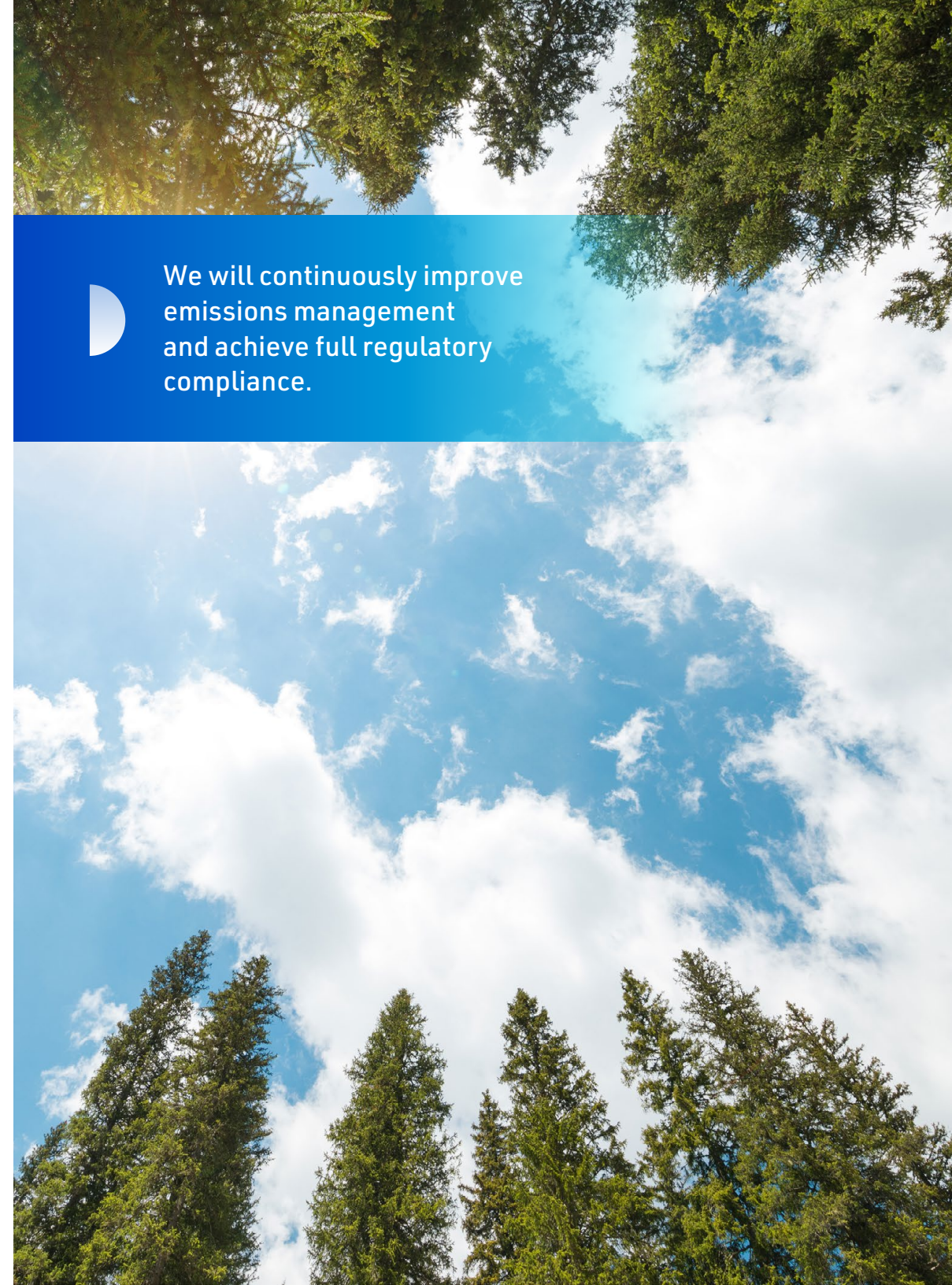
Air Quality

Air quality impacts human health and the environment. Canfor's sustainability strategy includes strict monitoring, testing and recording of:

- particulate matter emissions (PM)
- volatile organic compounds (VOCs)
- carbon monoxide (CO)
- total reduced sulphur (TRS)
- sulphur oxides (SOx)
- nitrogen oxides (NOx)

Beyond fully complying with regulatory requirements, we commit to minimize pollutants through leading maintenance and management systems. As part of being proactive, our environment team routinely discusses updates with regulators around site emissions.

All of this helps to reduce the impact of our operations, protect local air quality and drive continuous improvement.



We will continuously improve emissions management and achieve full regulatory compliance.



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Our Approach

Canfor has implemented an Environmental Management System (EMS) consistent with ISO 14001:2015.

The EMS provides a framework to manage our short and long-term environmental impacts for air quality, as well as for water and waste. The main components include our Environment Policy,¹⁸ evaluation of our environmental risks and opportunities, and operational control procedures.

GOVERNANCE AND ACCOUNTABILITY

Management of environmental performance for all business units falls under the oversight of Canfor's Corporate Environmental Management Committee (CEMC). See the Sustainable Forestry section for details on the CEMC.

The CEMC reports on compliance to the Joint Environment, Health & Safety Committee of the Board¹⁹ and key executives.

¹⁸ Our policies can be found [here](#).

¹⁹ Canfor Board and Canfor Pulp Board.

EMISSIONS MONITORING AND REPORTING

We complete routine maintenance and checks on all sources of air emissions to ensure equipment is running optimally. Sites also have fugitive dust plans to minimize dust.

The frequency of tests is determined by environmental operating permits. Some emissions are monitored continuously. That allows operators to adjust operating conditions to help reduce overall source emissions. In addition, operations track key performance indicators for continuous improvement around air quality.

Day-to-day compliance falls under the accountability of the Environmental Lead at each site, who in turn reports to the operations management team.

Ultimately, all of Canfor's operations are accountable for maintaining air quality.

Our emission monitoring programs are audited regularly. This includes external audits, compliance reviews, regulatory meetings, and regulatory agency site inspections. Results are reported to operations senior management and the Environment teams. Significant findings are reported to the CEMC and the Joint Environment, Health & Safety Committee of Canfor Board and Canfor Pulp Board.

Environmental reviews are required for capital expenditures, to ensure we identify potential impacts to air quality and associated regulatory requirements.

FEEDBACK MECHANISM

We have processes to resolve feedback related to air quality. Typically, sites deal directly with the issue at hand. If a stakeholder is not satisfied with the outcome of their enquiry, or hasn't received a response within a reasonable time, they may lodge a complaint with Canfor. Where applicable, these complaints are relayed to the CEMC for further resolution.

PRINCE GEORGE AIRSHED

A significant number of Canfor employees live and work in Prince George, B.C. We don't just operate three pulp mills, a sawmill and a tree nursery, our people reside in Prince George too. Our people reside in Prince George too. We are part of the community. So the quality of the air is important to us – not just as a responsible company, but as residents, and for our friends, families and neighbours.

Canfor contributes to air monitoring programs in Prince George as the region has a sensitive airshed. The regular monitoring helps to:

- drive improvements around data collection
- identify trends
- inform the Prince George Air Improvement Roundtable (PGAIR) on areas of focus for their strategic plan

We are a member of PGAIR, have a seat on their board, and participate on their Air Quality Monitoring Working Group. That body manages an extensive network of ambient monitoring in the Prince George airshed. As part of it, we provide the community regular updates of the steps we are taking to improve the air quality in Prince George.



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GOAL AND TARGETS

Canfor is always trying to proactively minimize air emissions. We are currently collaborating at a corporate level and across all entities to identify the appropriate goals and targets for air management. We will provide them in future reports.

The following table provides a breakdown of our air emissions by type for each of our business units. In the current year, we are disclosing nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter emissions (PM). We will work to disclose data on our other significant air emissions in future reports.

Our pulp mill operations are the most significant source of air emissions for Canfor. We use biomass as our primary energy source, offsetting fossil fuel use at our pulp mills, which generates NOx and PM emissions. Our SOx emissions are generated from fossil fuel and organic emissions, mainly from our kraft mills in Prince George. We have Best Achievable Technology (BAT) emissions control on nearly all of our boilers to minimize particulate emissions. We continually monitor emissions and are evaluating air emission reduction projects for future years. We recognize that total reduced sulphur (TRS) is an ongoing concern, and we are actively involved with ambient monitoring and community roundtables.



2020 Air Emissions by Business Units by Type^{1,2} (Tonnes)

BUSINESS UNIT	EMISSIONS BY TYPE		
	NOx	SOx	Particulate Matter (PM)
Lumber operations: Canada	641	32	470
Lumber operations: U.S.	613	73	763
Pulp operations	1,886	3,084	1,149
Total	3,140	3,189	2,382

¹ Particulate matter emissions exclude road dust particulate emissions.
² We estimate NOx and SOx emissions based on the National Pollutant Release Inventory (NPRI) requirements for our operations in Canada, and based on direct measurements as required by U.S. Environmental Protection Agency (US EPA) Title V guidelines for our operations in the U.S. The NPRI and US EPA have different reporting requirements and calculation methods. Information in this table may not reflect exactly the contents of NPRI and/or US EPA reports, due to different reporting definitions.





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UPGRADES TO MONITORING AND CONTROLS

In 2020, our U.S. lumber operations continued to upgrade emission controls and monitoring equipment, which meet or exceed U.S. guidelines. This included capturing, recording and measuring past, present and potential emissions. An improved record-keeping system will lead us into the next phase of measuring and controlling future emissions. Upgrading and expanding our internal emissions-tracking programs is a priority. This will help us to stay ahead of U.S. guidelines, and provide the funding, tools and training to ensure we remain a leader in controlling our footprint at all operations.

AIR QUALITY ENVIRONMENTAL COMPLIANCE

We monitor incidents of non-compliance with legal requirements for environmental activities and categorize them by severity. Canfor investigates non-compliance incidents, completes root cause analyses and develops and implements corrective actions around all categories of significance.

Our operations reported the following non-compliances in 2020:

CONTINUOUS IMPROVEMENT

We're tracking overall reduction of site emissions to help guide cuts in TRS, SO_x, NO_x and PMs across all Canfor locations. To achieve these goals, it's paramount to engage with site operations, source operators, regional management and senior management.

Internal and external auditors review our environmental management system for:

- air quality, water, waste management procedures and policies
- air, water, and regulated waste permits (including programs to measure and reduce limits)
- legal compliance
- continual improvement

These audits are tools to evaluate our programs, policies and practices. As we identify improvement opportunities, we develop and monitor action plans.

When Canfor has any new acquisitions, we audit environment requirements quarterly until we fully integrate the operation into the Canfor EMS. The frequency is gradually reduced to ensure all operations are meeting and exceeding performance expectations.

- Canadian lumber operations reported three incidents related to permitted air emission discharge limits. One continuous emissions monitoring system did not meet monthly availability requirements per regulations.
- U.S. lumber operations reported seven incidents related to permitted air emissions discharge limits.
- Pulp operations reported two incidents related to permitted particulate matter discharge limits.

We did not receive any significant non-compliances, fines or non-monetary sanctions related to air quality. No significant cases came through our feedback mechanism. We will continue to focus on air emissions control equipment for 2021 following minor permit exceedances through the past year. In each instance, we made maintenance or operational changes to bring the discharge back into compliance as required by the regulatory body.



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Water Management

Water is always a precious resource.

Climate change is making water management more unpredictable, as extreme weather leads to everything from wetter conditions to droughts. Canfor is highly dependent on water throughout our operations, particularly in our pulp and paper mills.

Our water management efforts relate to both conservation and quality. We work to streamline water quantity use, protect water quality downstream of our operations, and maintain effluent discharge quality.

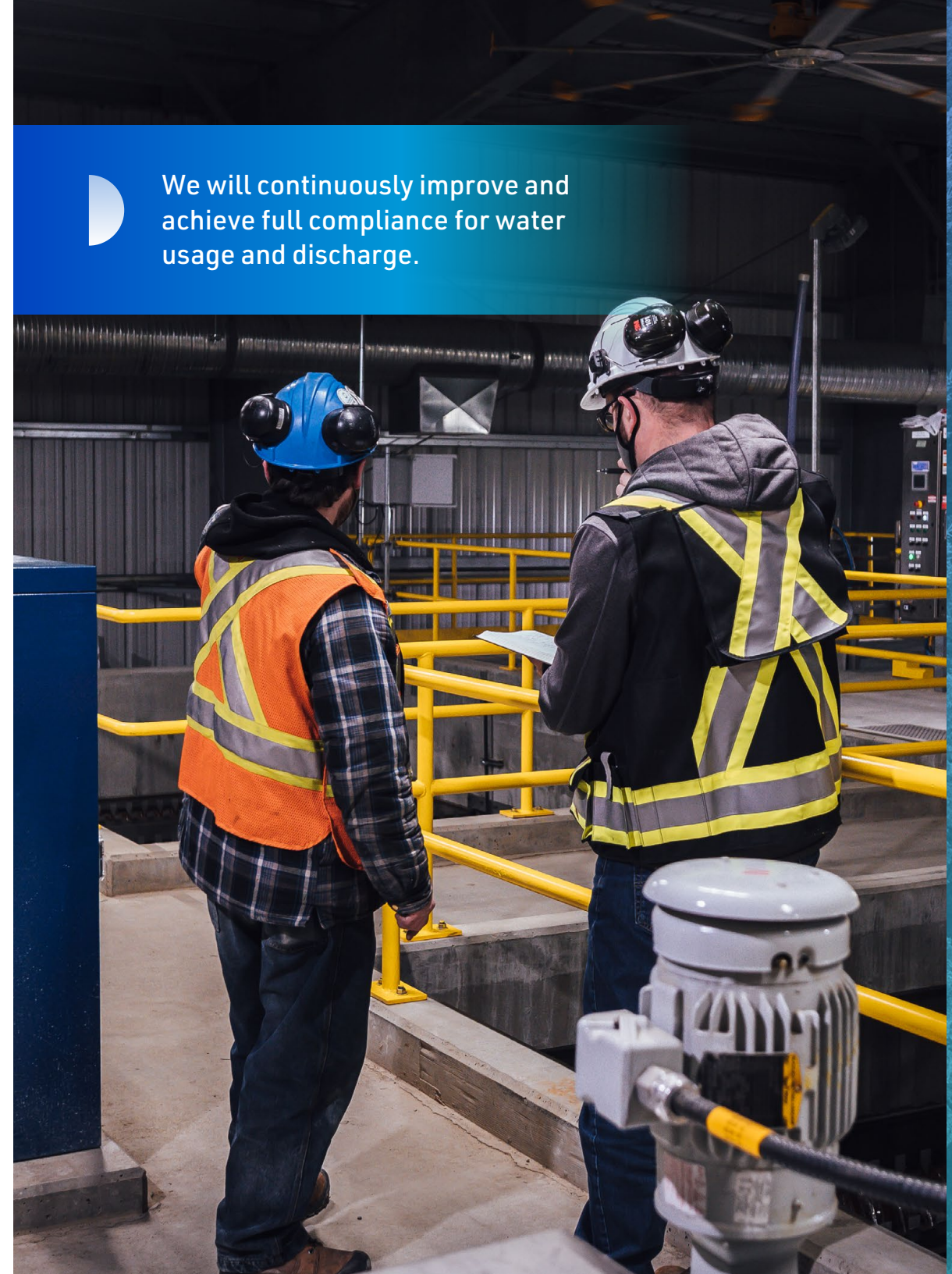
Our Environment Policy²⁰ states our commitment to water stewardship. Water quality and quantity are also important considerations in our Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) certifications. For more details, see our Sustainable Forestry section. Both certifications help us protect the water quality of rivers, streams, lakes, wetlands and other water bodies, through meeting or exceeding best management practices.

While Canfor complies with all water requirements in our permits and regulations, we also look to improve programs, policies and practices. With proper water management, we can protect and preserve this resource.

²⁰ Our policies can be found [here](#).



We will continuously improve and achieve full compliance for water usage and discharge.





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Our Approach

Water is managed through our Environmental Management System (EMS). For more information on the EMS, see the Air Quality section.

PULP MILLS

In B.C., our pulp mills take and treat surface water from the Nechako and Fraser rivers and the Peace River (through a third-party provider) and treat and discharge wastewater to the Fraser River and the Peace River.

Canfor takes strong actions to measure the subtle effects of effluent on the environment and eliminate them if there are negative impacts. That includes potential effects on fish and organisms that make up the aquatic ecosystem. For over 20 years, environmental monitoring

studies have ensured that Canadian pulp and paper facilities operate with minimal impacts on water resources. Each site follows water discharge requirements as set out in site-specific provincial permits, and federal pulp and paper effluent regulations.

Our pulp and paper mills operate in full compliance with these strict regulations. We are confident that we do not have significant negative impacts on these ecosystems. We also identify and evaluate protection requirements for

community watersheds, riparian areas, streams, lakes and other significant water bodies during operational planning. This is documented in site plans and associated maps. Riparian Reserve Zones, and other areas to protect significant water bodies, are marked in the field and documented in our project plans. We review and monitor these plans and do onsite inspections to avoid accidental encroachment on water bodies.

Our water management practices

include internal water monitoring, spill control and containment procedures. These reduce the risk to wastewater, measurement of water flow, upstream contaminants, temperature and more. Our best practices include troubleshooting processes, alarms and control systems, facility audits and inspections. Robust documentation demonstrates our alignment with environmental monitoring requirements.





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SAWMILLS

Our sawmills operate under the most stringent water management programs to ensure we:

- adhere to allowable discharge limits within all our water permits
- meet federal and municipal standards of purity
- ensure safe and clean drinking water and other freshwater sources

At each location, we have site-specific water management programs. They

include: installing oil water separators in high-risk areas, effluent treatment for domestic waste (as prescribed by the health authority or governing body), monitoring site ditches for stormwater concerns, and spill response plans to prevent entry to waterways. We train all site personnel, conduct annual refresher training, and include regulators in these programs.

Our U.S. sawmill operations have site-specific state and federal water permits (related to stormwater run-

off), which must be monitored and reported continually. Each of our U.S. sawmill locations has varying allowable discharge parameters. These are typically total suspended solids, oil, grease, pH, carbon oxygen demand (COD), and biological oxygen demand (BOD). Site-specific monitoring plans include incident response contingency plans. Upon hiring, we train site personnel on these requirements, and provide annual refreshers as required by permit.

GOVERNANCE AND ACCOUNTABILITY

Management of environmental performance for all business units falls under the oversight of Canfor's Corporate Environmental Management Committee (CEMC). Please see the Sustainable Forestry section for details on the CEMC.

The CEMC reports on compliance to the Joint Environment, Health & Safety Committee of the Board²¹ and key executives.

All of Canfor's operations are accountable for maintaining water management. Day-to-day compliance falls under the accountability of the Environmental Lead at each site, who in turn reports to the operations management team.

Key performance indicators (KPIs) are reviewed regularly to evaluate Canfor's water management programs and policies.

FEEDBACK MECHANISMS

We have processes to resolve feedback related to water management. Typically, sites deal directly with the issue at hand. If a stakeholder is not satisfied with the outcome of their enquiry, or hasn't received a response within a reasonable time, they may lodge a complaint with Canfor. Where applicable, these complaints are relayed to the CEMC for further resolution.



²¹ Canfor Board and Canfor Pulp Board.



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GOAL AND TARGETS

Canfor is always trying to minimize water usage and identify projects that will conserve water. We are currently collaborating at a corporate level and across all entities to identify the appropriate goals and targets for this topic. Canfor will provide them in future reports.

PULP MILLS

Our pulp mills in Prince George, B.C. are our most water-dependent operations, withdrawing 92,263 megalitres per year – 88% from surface water sources and 12% from groundwater sources. In 2020, we used slightly more water than the previous year despite production curtailments. Even when a mill is not producing pulp, it still uses some water (e.g., to run the boilers to make heat and electricity), which drives up the water use per unit of production.

INTERACTION WITH WATERSHEDS NEAR OUR OPERATIONS: USAGE, WITHDRAWAL AND DISCHARGES

Key water usage²² in our operations includes domestic use, fire suppression, dust suppression, boiler feedwater and wet decks.

Our main water withdrawal sources include groundwater, surface water and public community water sources. Canfor does not withdraw from any known water-stressed areas.

Approximately 98% of the water we process is treated and discharged back to the river. Only 2% is retained in the finished product or lost to evaporation.²³

Water discharge is treated for indicators and priority substances of concern. That includes:

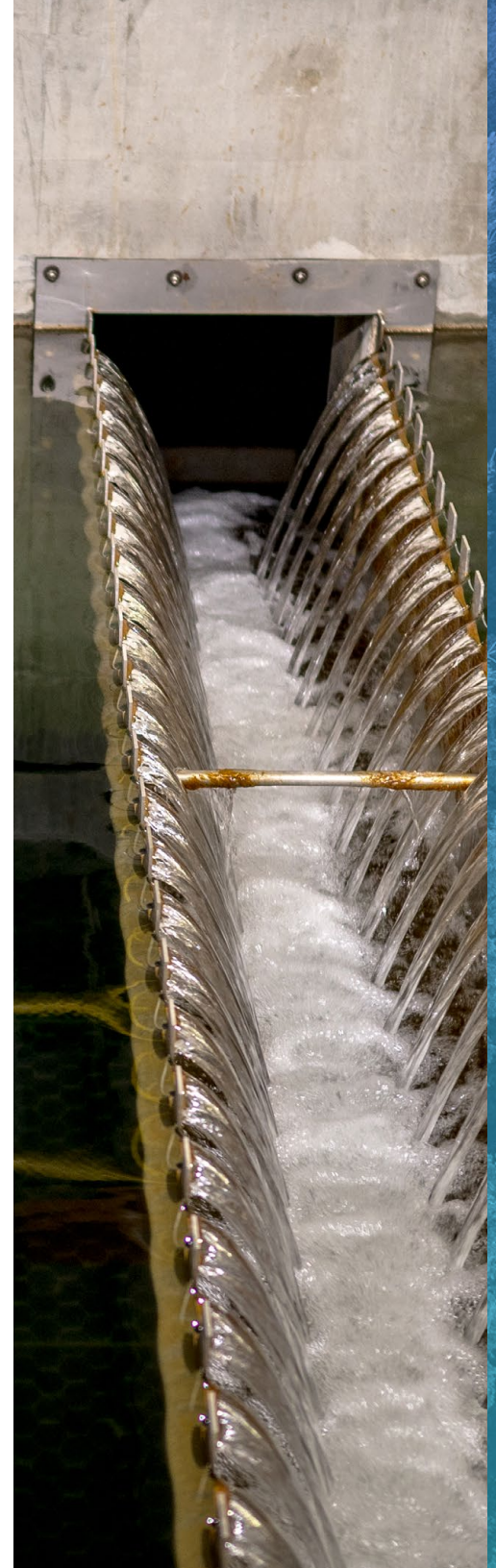
- flow
- metals
- biochemical oxygen demand

Main water discharges stem from effluent from wet deck overflow, as well as processed and treated water, condensation, kiln charges, treated sewage (septic field or lagoon), and stormwater through a ditch system to a receiving water body.

- total suspended solids
- chemical oxygen demand
- pH
- temperature
- conductivity
- toxicity
- absorbable organic halides
- nutrients
- resin acids

²² Canfor uses the term "water use" throughout our organization. Our definition is the same as "water consumption" by the GRI Standards. This is the sum of all water that has been withdrawn and incorporated into products, generated as waste, evaporated, transpired, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period.

²³ Percentages of water processed and water retained was derived from information contained within NCASI Technical Bulletin 975: Water Profile of the Canadian Forest Products Industry (March 2010).





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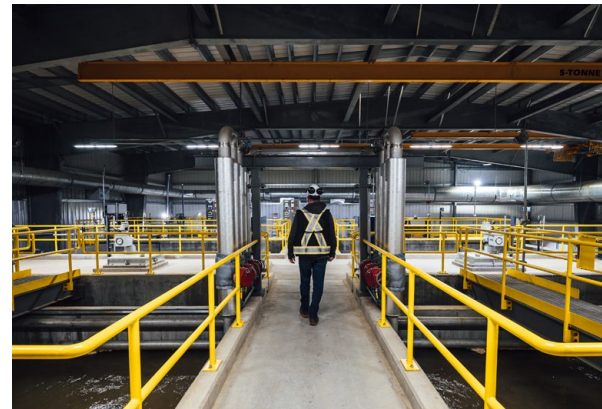
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OUR NEW PRINCE GEORGE WATER TREATMENT PLANT IS PUMPING

215 million litres of clean water daily – that’s how much is being provided to our Prince George and Intercontinental pulp mills, and other nearby operations, thanks to a new water treatment plant on the Nechako River. The plant is located on the unceded traditional territory of the Lheidli T’enneh Nation in Prince George, B.C. It was designed to mitigate the high turbidity of the river water, which causes operational upsets, poor product quality and inefficient use of water and chemicals.

The water treatment plant is expected to yield significant positive impacts on efficiency and the environment. The project estimates a 5% reduction in water and effluent flows, plus reduced chemical use. Cleaner water will improve equipment reliability and operational efficiencies and will enhance the mills’ surplus green energy.

The capital investment for the water treatment plant was \$42 million. Construction started in spring 2019 and was completed at the end of 2020. The plant commenced operation in December 2020. The trades worked over 150,000 hours on this project without a lost time incident. We were able to use mostly local labour to execute the project – a nice boost for the community during COVID-19 travel and tourism restrictions.



The project, here under construction, was completed in December 2020. The entire facility is approximately three football fields long by two football fields wide.

On average, the water treatment plant will process 215 million litres of water per day. It services our Prince George and Intercontinental Pulp Mills, as well as other industrial companies in the area.

The plant holds approximately 4.5 million litres of water, enough to fill two Olympic-sized swimming pools.



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SAWMILLS

Our sawmill operations are in compliance with all required permits. The main water discharge to receiving water bodies is stormwater runoff, which is sampled for water quality where required.

Outside of the potable water or effluent permits, Canfor has an internal standard based on best practices from the Petroleum Storage and Distribution Facilities Storm Water Regulations, and manufacturer recommendations. This annually tests oil-water separators that are not specifically mentioned in permits, to hold them to the same standard as our permitted units. We monitor oil-water separator discharge to be under 15mg/L. Canfor

also uses septic tanks, lagoons and aerated lagoons to treat effluent where required.

Our estimation of total water volume withdrawn and discharged is not significant (<5%) compared to our pulp mill operations. We have not disclosed this value in 2020 but will work towards providing an estimate in future reports.

During 2020, our U.S. lumber operations began upgrading our internal compliance-tracking system, which includes all water analyses and records. This will enable us to track progress in managing site-specific data and allow further development of our compliance programs.

CONTINUOUS IMPROVEMENT

EMS audits are tools to evaluate the continuous improvement of programs, policies and practices.

The scope of the audits relates to:

- water management procedures and policies
- programs to reduce consumption and waste
- legal compliance
- continual improvement

As we identify improvement opportunities, we develop and monitor action plans.

WATER ENVIRONMENTAL COMPLIANCE

We monitor incidents of non-compliance with legal requirements for environmental activities and categorize them by severity. Canfor investigates non-compliance incidents, completes root cause analyses, and develops and implements corrective actions around all categories of significance. In 2020, we did not receive any significant fines for water-related non-compliances, nor any non-monetary sanctions in our operations. No cases came through our feedback mechanism.



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Our products are sustainable because our manufacturing and supply chain are optimized for responsible resource use.

At each stage of the manufacturing process, Canfor aims to maximize efficiencies and minimize potential impacts. That happens through managing our supply chain, energy consumption and waste outputs. Together, these initiatives lower our impacts and improve our operations. See the [Planet section](#) to learn more about the low-carbon benefits of our products.



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Supply Chain Management

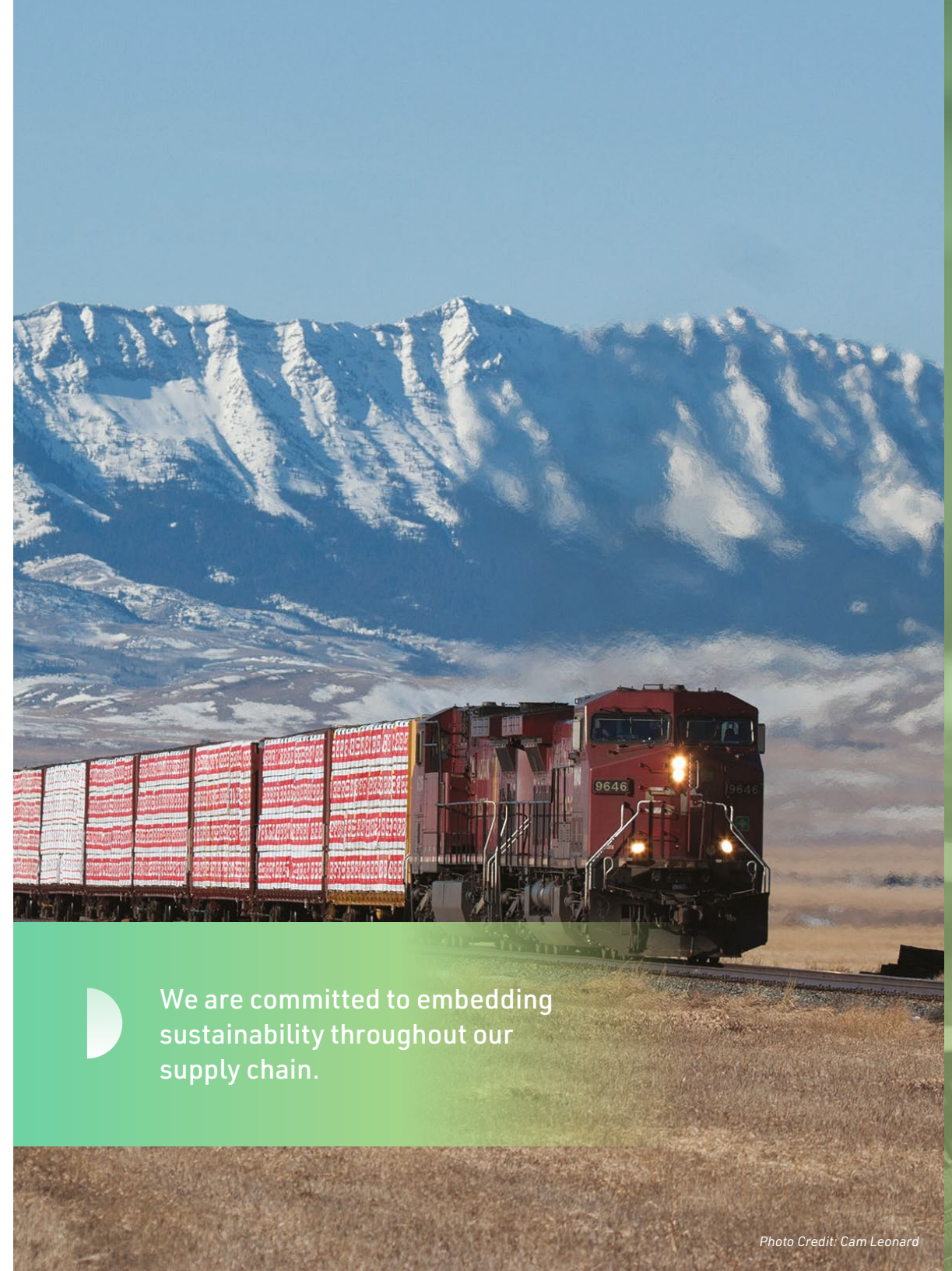
We want to make a positive and sustainable impact on our products' journey from forest to customers.

In 2020, the chain of custody of our raw fibre, through to the finished products we deliver to customers, continued to be a focus. We have made significant strides in enhancing the transparency and traceability of our products. As part of our sustainability journey, we are also looking more broadly at the overall scope and impact of our end-to-end supply chain.

We aim to meet the requirements of the third-party Forest Stewardship Council (FSC) or Sustainable Forestry Initiative (SFI). The goals are to:

- maintain 100% certification to SFI or FSC forest management standards for all Canfor-managed forests in Canada
- achieve 100% certification to the SFI Fibre Sourcing Standard for all sourced wood in both the U.S. and Canada
- achieve 100% certification to Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody (COC) or FSC Controlled Wood (CW/COC)

These programs cover all aspects of sustainability (environmental, social and economic) and help us manage our fibre supply chain responsibly. Each step is closely monitored, documented and audited by Canfor employees and independent certified bodies. This provides our global customers with assurance that Canfor's finished products come from legal, sustainable, well-managed forests.



We are committed to embedding sustainability throughout our supply chain.



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A set of robust policies guide Canfor's commitment to environmentally sustainable and socially responsible procurement. They include our Environment Policy, Log Procurement Program Policy, Fibre Procurement Policy and Chain of Custody Policy.²⁴ These policies delineate our expectations to avoid sourcing and trading raw material from illegally harvested areas and forests where high conservation values are threatened. We also do not work with suppliers that violate traditional human and labour rights.

We manage our Canadian fibre supply chain through a certified chain of custody process. Through PEFC COC and FSC CW/COC, we track the origin of raw material to ensure it comes from legal and responsible sources. The chain of custody provides a transparent information trail through each procurement, processing and delivery stage – from the forest, to the mill, though transportation, to our customers' hands.

All of our SFI-, FSC- and PEFC-certified fibre must meet the required

assessment procedures and controls for those certifications. That includes certain environmental and social assessments. This prevents the following sources from entering our operations:

- controversial sources, i.e., those associated with trading illegally harvested wood or wood harvested in violation of traditional human and labour rights
- sources with forest management practices that do not maintain, conserve, or enhance the biodiversity and ecosystems in play

▶ Performance

GOAL AND TARGETS

Canfor is committed to continually improving our fibre procurement practices. We are audited by independent and accredited bodies to obtain their certifications. We also conduct independent internal audits to evaluate our efforts and make the results public. Please see the Sustainable Forestry section for additional details on audits and how we use findings to ensure responsible fibre procurement.

Canfor recognizes that our supply chain plays an integral role in our daily business and enabling sustainability throughout the organization. We will build on our momentum to develop an even more reliable and resilient supply chain and examine it through the lens of sustainability.

In 2022, we will conduct an assessment to define the high impact/risk areas along our supply chain. Canfor will

also identify opportunities to make environmental, social and governance (ESG) considerations part of our supplier management practices. And we'll measure and reduce our Scope 3 emissions to support our climate change goals. We look forward to engaging our greater supply chain in finding new ways to support our sustainability ambitions.

²⁴ Our policies can be found [here](#).



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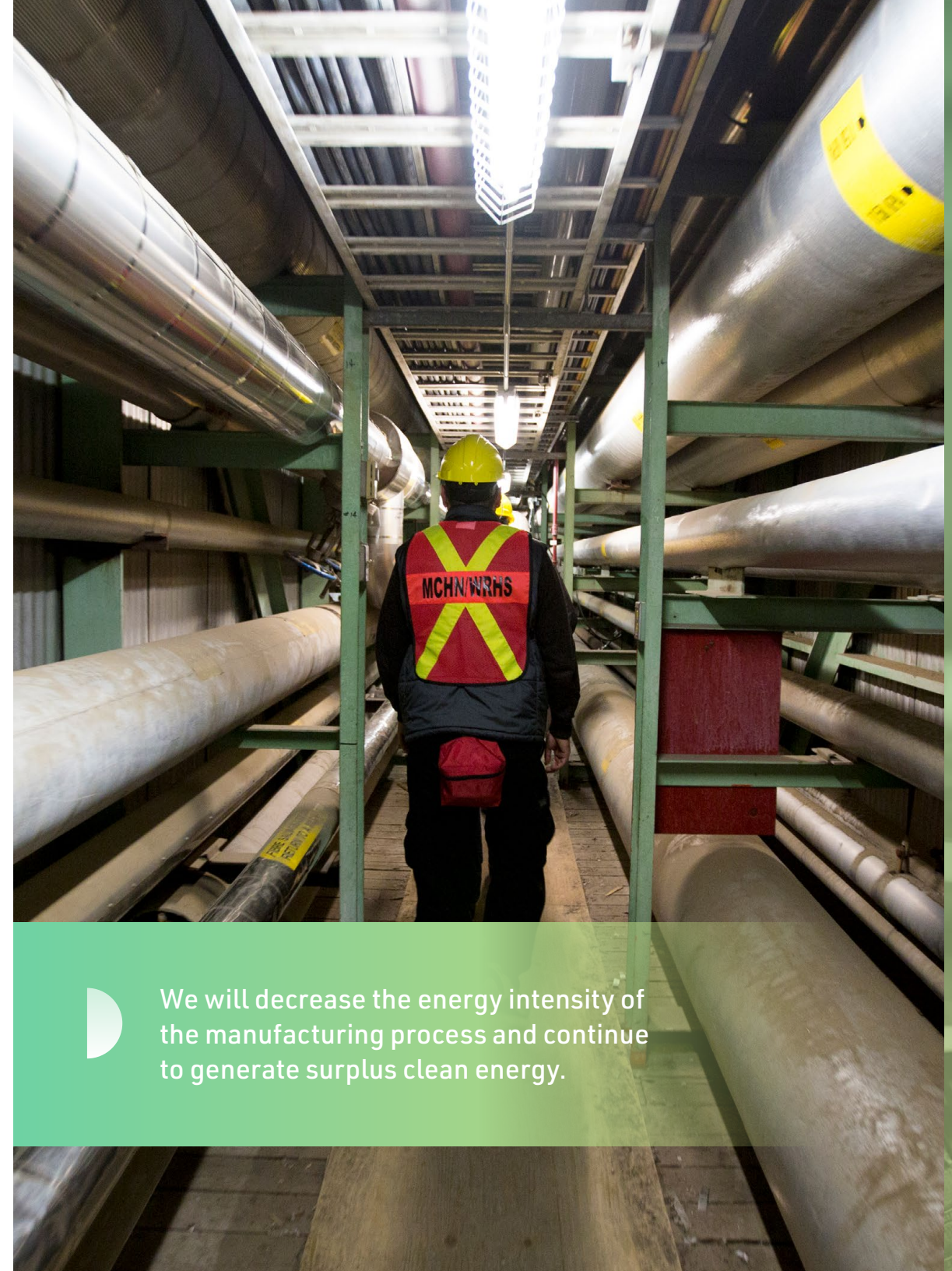
Energy Management

Our operations use a variety of energy sources, including thermal, biomass and electrical.

Through energy management, Canfor aims to reduce our carbon footprint and create cost efficiencies too.

For instance, we capture the steam generated by the pulping process and use it to create electricity that powers our manufacturing. We sell some of that electricity to the B.C. power grid. We also collect bark to use for renewable biomass energy, which heats and powers our operations in place of fossil fuels. Some of the bark also makes its way into wood pellets.

Our goal is to decrease the energy intensity of the manufacturing process and continue to generate surplus clean energy. In producing our renewable forest products, energy is essential. So is the need to manage energy resources responsibly, for minimal impact to the environment.



We will decrease the energy intensity of the manufacturing process and continue to generate surplus clean energy.



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Our Approach

For energy consumption, all pulp mills have key performance indicators (KPIs) based on field measurements.

We monitor consumption and assess resource efficiency actions accordingly. Canfor also conducts regular energy audits to identify and assess improvement projects, like the Compressed Air Aware campaign (see below for details).

Our pulp mills have Energy Management Systems. These systems are aligned with the International Energy Management System Standard (ISO 50001). We have prioritized the need to certify to ISO 50001.

GOVERNANCE AND ACCOUNTABILITY

Canfor's Energy Management Program relies on shared accountability:

- Energy managers report to a director or general manager to ensure visibility and oversight.
- Executives representing the operations report to the Canfor Board and Canfor Pulp Board.
- The Energy Steering committee is accountable to provide support and direction for the energy management program as well as support reduction goals. The senior leadership of our pulp mills and the capital manager of our sawmills participate in the committee.
- Employees in energy management are empowered to reduce consumption in all activities.

FEEDBACK MECHANISM

We have processes to resolve feedback related to energy management. Typically, sites deal directly with the issue at hand. If a stakeholder is not satisfied with the outcome of their enquiry, or hasn't received a response within a reasonable time, they may lodge a complaint with Canfor. Where applicable, these complaints are relayed to the Corporate Environmental Management Committee for further resolution.

PULP OPERATIONS: ENERGY MANAGEMENT INFORMATION SYSTEM

The process for creating compressed air is energy intensive. A leak in a system can waste energy. By identifying and mitigating leaks, we will decrease energy use and associated cost. In 2021, we'll roll out a Compressed Air Aware campaign across all sawmills and pulp mills in Canada. It's designed to educate employees about:

- the cost of generating compressed air at our facilities
- leak detection and repair programs
- best practices to maintain compressed air systems
- strategic capital projects planning

The campaign will give employees the tools and resources they need to optimize compressed air systems.

PULP OPERATIONS: ENERGY MANAGEMENT INFORMATION SYSTEM

The Northwood mill in Prince George, B.C. has an Energy Management Information System (EMIS). It models energy use compared to dynamic targets and reports in real time. This system looks at electricity consumption, natural

gas and biomass fuel consumption, as well as steam consumption in each production area. We gather information using instrumentation in the field and report on it daily. Our other pulp mills are investigating a similar implementation.





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GOAL AND TARGETS

Our aim is to decrease the energy intensity of our manufacturing processes and continue generating surplus clean energy. Canfor is working at a corporate level and across all entities to identify the appropriate goals and targets for energy management. We will provide them in future reports.

Canfor's total energy consumption was 65,027,672,429 MJ in 2020. This represents a decrease of 6% overall from 2019.

Consumption of renewable sources (pulping liquor and biomass fuel) fell by 10%. This decrease was due to pandemic-related curtailments in 2020 across both pulp and lumber operations, and the impact of more Canadian sawmill closures and curtailments in 2020.

Partially offsetting these decreases, natural gas and electricity consumption rose. These increases largely reflected the "green-up" of fibre (see Green Up of Timber Increasing Energy Requirements), higher usage of natural gas for drying, and the various challenges of significant pandemic-related pulp mill curtailments (and restarts).



Energy Consumption by Source and by Fuel Type (MJ)

SOURCE	FUEL TYPE	2020	2019 ¹
Non-renewable sources	Diesel	992,496,338	996,630,377
	Gasoline	18,250,338	28,639,625
	Natural Gas	12,616,919,660	12,228,936,775
	Propane	54,817,962	45,231,075
	Total	13,682,484,298	13,299,437,852
Renewable sources	Crude Tall Oil	44,202,364	91,832,376
	NCGs	52,464,717	53,424,514
	Pulping Liquor	26,378,760,277	29,153,623,719
	Woodwaste/Hog Fuel	17,808,877,164	20,121,418,113
Total	44,284,304,522	49,420,298,722	
Total Fuel Consumption	Total	57,966,788,820	62,719,736,574
Total Electricity Consumption²	Total	7,060,883,609	6,607,129,466
Total Energy Consumption³		65,027,672,429	69,326,866,040

¹ 2019 figures have been restated due to change in calculation methodology. See the Climate Change section for carbon inventory methodology.

² Total electricity consumed includes consumption from self-generated electricity and purchased electricity from the grid.

³ Data excludes Vida and HPLP.

WYNNWOOD EFFICIENCY IN ACTION AWARD

Every two years, FortisBC recognizes organizations that have demonstrated energy efficiency in their operations. In 2020, our WynnWood sawmill in Wynndel, B.C. earned their Industrial Efficiency in Action Award. WynnWood undertook energy-efficient upgrades, tied together two separate compressed air systems, and optimized the communication controls between these systems. That achieved 139% of the estimated energy savings and cut 546,774 kilowatt-hours (kWh) and 97 kilowatts (kW) of electrical demand. This represented an annual energy bill savings of \$41,000 and an energy efficiency rebate of \$98,000.





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BIOMASS ELECTRICITY GENERATION

Our three pulp mills in Prince George, B.C. generate green energy. After we power and heat our operations, we sell any excess energy to the B.C. power grid. In 2020, the mills generated 796,000 megawatt-hours (MWh) of power and sold 185,420 MWh to the power grid.

In Alberta, our Canfor Green Energy (CGE) biomass cogeneration facility provides renewable heat and electricity to our Grande Prairie sawmill. In 2020, the CGE generated 102,384 MWh

of power and sold 58,132 MWh of renewable energy to the Alberta power grid.

Our Organic Rankine Cycle (ORC) at the Chetwynd, B.C. pellet plant generates renewable heat and electricity for the pellet plant. The ORC takes a portion of the heat from the energy system and converts it into electricity. In 2020, the ORC generated 13,882 MWh at Chetwynd. The remaining heat is used to dry sawdust prior to its use as pellet production feedstock.

CONTINUOUS IMPROVEMENT

Energy audits are tools to evaluate the continuous improvement of programs, policies and practices. These are conducted by internal and external auditors, and relate to:

- energy efficiency
- legal compliance
- continual improvement

As we identify improvement opportunities, we develop and monitor action plans.

ENERGY ENVIRONMENTAL COMPLIANCE

We monitor incidents of non-compliance with legal requirements for environmental activities and categorize them by severity. Non-compliance incidents are investigated, and we develop and implement corrective actions around all categories of significance. In 2020, we did not receive any significant fines for energy related non-compliances, nor any non-monetary sanctions, nor cases brought through our feedback mechanisms in our operations.

GREEN-UP OF TIMBER INCREASING ENERGY REQUIREMENTS

During the past mountain pine beetle epidemic, the fibre harvested was drier and required less energy for the drying process. Today's fibre is greener. As a result, we continue to increase the total moisture in the timber processed in our B.C. sawmills. This "green-up" of the fibre affects energy consumption, as it increases the time lumber needs to dry in the kilns in order to achieve high-grade products.

At a number of operations, we've increased kiln capacity and installed high-efficiency gas boosters. This led to an overall increase in the amount of natural gas consumed in 2020 compared to 2019.





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Waste and Residuals Management

As a good steward of the environment, Canfor continually aims to optimize fibre use and minimize landfill waste.

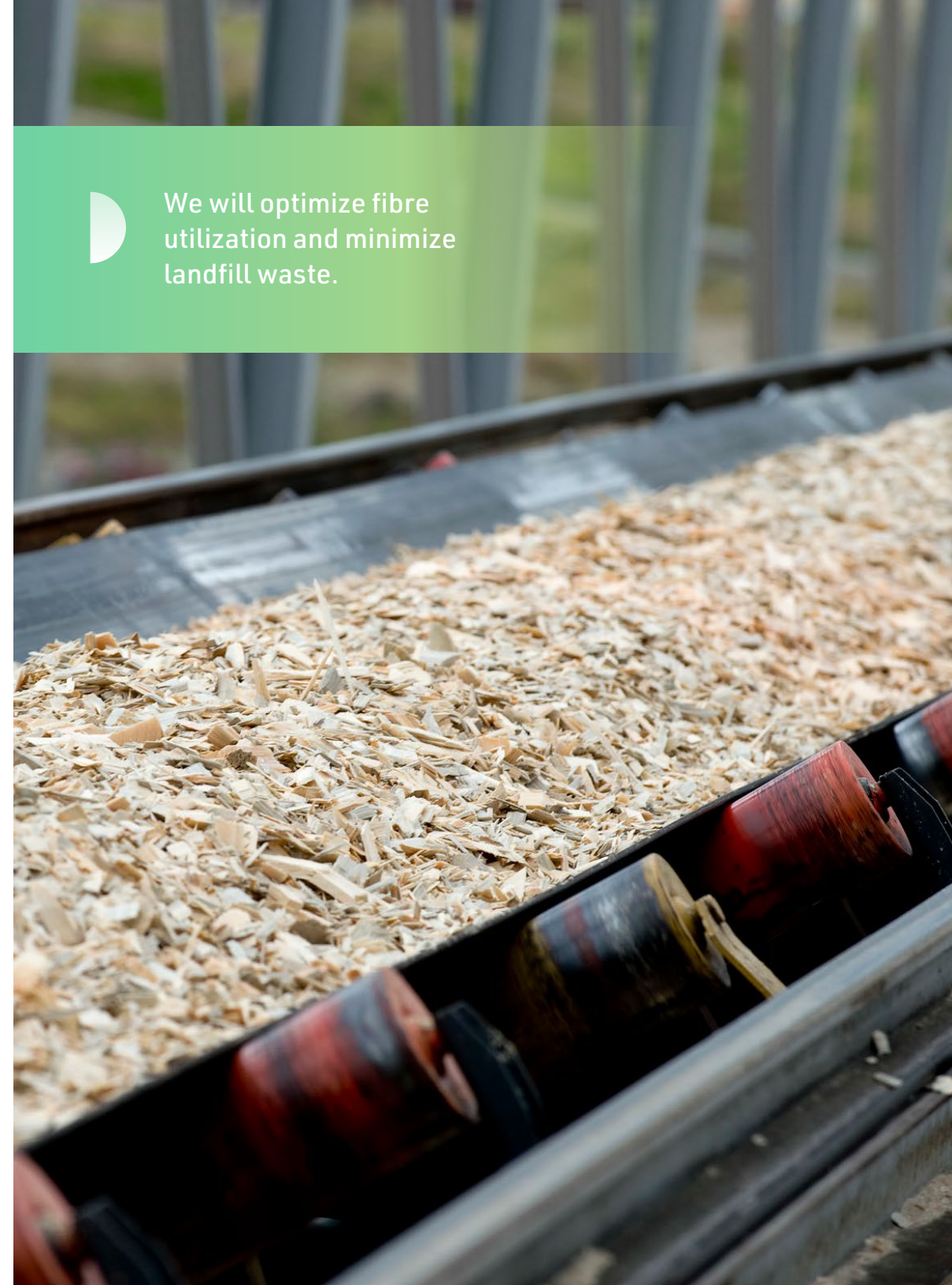
We focus on recovering byproducts, identifying beneficial uses where possible, and recycling what we can.

Canfor's Waste and Residuals Management Program details the appropriate handling of all hazardous and non-hazardous waste generated on site. We report on hazardous waste disposal in accordance with relevant regulations. Hazardous waste is removed from site by a third party and brought to a disposal facility. Our Residual Fibre group tracks all lumber and pulp residuals and identifies additional uses for these material streams.

In all we do, the goal is to prevent and mitigate impacts from waste generation.



We will optimize fibre utilization and minimize landfill waste.





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Our Approach

Our mills have Environmental Management Systems (EMS) that outline recycling collection points and waste disposal guidelines. The EMS covers hazardous waste identification and correct disposal, waste recovery, reuse and recycling, and optimization of waste streams and pickups.

The EMS is aligned to ISO 14001:2015, and is guided by our Environment Policy.²⁵ Canfor's approach to waste management is site specific, with processes to track all records: invoices, manifests, chain of custody, and vendor disposal facility documents. These allow us to collect and monitor waste-related data. In cases where we do not directly measure the volume, we use standard industry conversion factors to estimate domestic waste volumes.

²⁵ Our policies can be found [here](#).

GOVERNANCE AND ACCOUNTABILITY

Canfor's Corporate Environmental Management Committee (CEMC) oversees environmental performance reporting (see the Sustainable Forestry section for details). The Joint Environmental, Health and Safety Committee also reviews environmental performance. The Environmental Leads are accountable for the oversight of waste management.

Our Residual Fibre group is responsible for procuring lumber residuals throughout our Canadian operations. They ensure our residual material streams are used efficiently and not wasted.

FEEDBACK MECHANISM

We have processes to resolve feedback related to waste management. Typically, sites deal directly with the issue at hand. If a stakeholder is not satisfied with the outcome of their enquiry, or hasn't received a response within a reasonable time, they may lodge a complaint with Canfor. Where applicable, these complaints are relayed to the CEMC for further resolution.



Photo Credit: Patrick McDonald

MINIMIZING WASTE AT EVERY STAGE

To make the most of our raw material and divert waste from landfills:

- End pieces that are trimmed off finished lumber are re-manufactured into durable and straight finger-joined lumber stud products.
- Wood chips produced by our sawmills are used to make high-quality pulp and paper products.
- Sawdust and shavings are recovered and used to generate energy in our facilities, or converted into wood pellets that become a green, renewable energy source.
- Bark is collected and used for renewable biomass energy to heat and power our operations in place of fossil fuels. Some of the bark also makes its way into wood pellets.
- Ash from our U.S. boilers goes to landscaping companies, who mix it with their fine bark and soil as a soil additive.
- Some ash from our Canadian boilers is used as a liming agent replacement in agricultural applications.
- A small percentage of logs that the U.S. mills reject are sold. The buying companies grind them and use them in their product mix.
- Effluent treatment solids from our pulp mill in Taylor, B.C. are used as a soil enhancement in the Peace Region of northeastern B.C.



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GOAL AND TARGETS

At Canfor, we are always trying to improve ways to prevent and mitigate impacts from waste generation.

We are currently collaborating at a corporate level and across all entities to identify the appropriate goals and targets for waste and residuals management. Canfor will provide them in future reports.

WASTE ENVIRONMENTAL COMPLIANCE

If there are incidents of non-compliance with legal requirements for environmental activities, we:

- categorize them by severity
- investigate them
- develop and implement corrective actions around all categories of significance
- monitor them

In 2020, we did not receive any significant fines for waste-related non-compliances, or any non-monetary sanctions in our operations. No cases came through our feedback mechanisms in our operations.

CONTINUOUS IMPROVEMENT

We're tracking our overall waste volumes across the majority of our Canfor locations. Engagement with site operations, source operators, regional management and senior management is paramount to achieve waste reduction and effective waste management.

Internal and external auditors review our environmental management system for:

- air quality, water, waste management procedures and policies

SAWMILLS

Our lumber mills are working towards compiling data consistently across our operations for hazardous and non-hazardous waste diverted or directed to disposal. We will disclose these values in future reports.

Wood residuals such as shavings, trim blocks, chips and hog fuel²⁶ generated from the lumber manufacturing process are recovered and diverted from disposal. In 2020, 4,693,440 oven dried tonnes (ODT) of residuals were sold internally and externally to other wood-related industries (e.g., pulp and paper, pellets and finger joint plants), and to co-generation facilities and

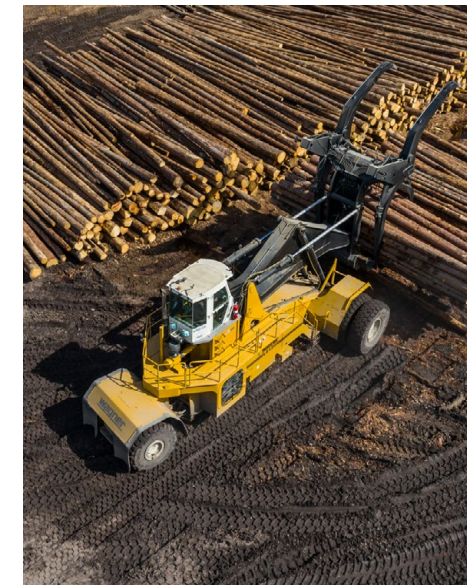
- air, water, regulated waste permits (including programs to measure and reduce limits)
- legal compliance
- continual improvement

Each site has a different compliance review program due to operating and permitted conditions. We have implemented simple guidelines to help measure overall compliance. The environment team completes regular site visits and meets with key

site personnel to review any open or pending items identified on compliance assessments. We add new conditions to the compliance matrix and assign tasks as required.

landscapers. In addition, 780,903 ODTs of residuals were burned for energy generation at our sawmill operations.

Volumes of ash generated by the combustion process in our biomass energy plants are collected from our sawmills. The ash generated from U.S. lumber operations are used by third parties for beneficial uses. In Canada, we've established two beneficial use projects, and the rest of the ash is currently landfilled. Ash volumes generated are not measured consistently at all operations. We are working to better collect and disclose ash volumes in future reports.



²⁶ Hog fuel is an unrefined mix of coarse chips of bark and wood fibre.



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PULP MILLS

Our pulp operations generated 383,725 tonnes of waste in 2020. We diverted about 5% from disposal by selling our sludge to third parties for agricultural and other uses. Approximately 82% of our non-hazardous waste is biomass, used for electricity generation internally and sold externally. Please see Energy Management – Biomass Electricity Generation for more details.

 2020 Total Waste Diverted from Disposal by Composition of Waste and by Recovery Type and by Location for Pulp Mills (Tonnes)²

WASTE COMPOSITION	RECOVERY TYPE	ONSITE	OFFSITE	TOTAL
Non-Hazardous	Other recovery options – Residuals recovered for value added product ³	1,766	-	1,766
	Recovered for beneficial use ⁴	17,945	-	17,945
Total Waste Diverted from Disposal		19,711	-	19,711

² Our pulp mills either divert sludge from disposal or direct sludge to disposal through incineration. Our pulp mills also direct biomass to disposal through incineration. The weight of these materials is measured in oven dried tonnes (ODT). This is the total weight without the water content.

³ Represents sludge collected onsite and diverted from disposal by being sold to external third parties.

⁴ Represents sludge applied to land onsite for beneficial use



2020 Total Waste Generated, Diverted from Disposal and Directed to Disposal by Composition of Waste for Pulp Mills (Tonnes)

WASTE COMPOSITION	WASTE GENERATED	WASTE DIVERTED FROM DISPOSAL ¹	WASTE DIRECTED TO DISPOSAL
Non-Hazardous	383,600	19,711	363,889 ¹
Hazardous	125	-	125
Total Waste Generated	383,725	19,711	364,014

¹ Our pulp mills either divert sludge from disposal or direct sludge to disposal through incineration. Our pulp mills also direct biomass to disposal through incineration. The total weight of these materials is measured in 'oven dried tonnes' (ODT). This is the total weight without the water content. Waste directed to landfill is measured in tonnes. For the purposes for reporting total waste generated, we have combined the units of tonnes and oven dried tonnes (ODT).



2020 Total Waste Directed to Disposal by Composition of Waste, by Disposal Operation and by Location for Pulp Mills (Tonnes)

WASTE COMPOSITION	DISPOSAL OPERATION	ONSITE	OFFSITE	TOTAL
Non-Hazardous	Landfilled ⁵	48,157	1,624	49,781
	Incinerated with Energy Recovery ⁶	314,108	-	314,108
Total Non-Hazardous Waste Directed to Disposal		362,265	1,624	363,889
Hazardous	Disposed	-	125	125
Total Waste Directed to Disposal⁷		362,265	1,749	364,014

⁵ Non-hazardous waste landfilled offsite and hazardous waste disposed offsite excludes data from our Taylor mill, as this metric is not currently tracked.

⁶ Represents sludge burned onsite for pulp power boilers, and biomass directed to disposal through incineration. The weight of these materials is measured using oven dried tonnes (ODT) – the total weight without the water content.

⁷ For the purposes of reporting total waste directed to disposal, we have combined the units of tonnes and ODT.



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▶ Cautionary Note on Forward-Looking Statements

This report contains certain forward-looking information and forward-looking statements as defined in applicable securities laws (collectively referred to as “forward-looking statements”). These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as “expects”, “anticipates”, “projects”, “intends”, “plans”, “will”, “believes”, “seeks”, “estimates”, “should”, “may”, “could”, “work to”, “potential”, “focus”, “targets”, “goals” and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are based on Management’s current expectations and beliefs and actual events or results may differ materially. There are many factors that could cause such actual events or results expressed or implied by such forward-looking statements to differ materially from any future results expressed or implied by such statements. Forward-looking statements are based on current expectations and Canfor assumes no obligation to update such information to reflect later events or developments,

except as required by law. These statements speak only as of the date of this report.

Forward-looking statements in this report include but are not limited to: statements relating to our sustainability strategy; short-term and long-term sustainability goals; strategic priorities and our goals, targets, commitments and plans and our expectations regarding those goals, targets, commitments and plans. The forward-looking statements in this report are based on a number of estimates, projections, beliefs and assumptions Management believed to be reasonable as of the date of this report, though inherently uncertain and difficult to predict, including but not limited to expectations and assumptions concerning: the development and performance of technology; our ability to attract and retain skilled employees; costs of closure; environmental compliance costs generally; and assumptions regarding the development of our business generally.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, experience, or achievements of Canfor to be materially different from those expressed or implied by the forward-looking statements. Risks and uncertainties that could influence actual results include, but are not limited to:

risks associated with the consequence of climate-change; operational problems; regulatory action; environmental compliance challenges; changes in laws and governmental regulations; costs of compliance with environmental and other laws and regulation; risks relating to the development and use of new technology or lack of appropriate technologies needed to advance our goals; natural disasters and adverse weather conditions, changes in commodity prices; global pandemics; business continuity events; general business and economic conditions and the future operation and financial performance of the company generally. We caution that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, our forward-looking statements. There can be no assurance that Canfor will achieve its goals and objectives. Further information regarding risk and uncertainties is also discussed under “Risk and Uncertainties” in Canfor and Canfor Pulp’s management’s discussion and analysis and other documents available at www.sedar.com. The forward-looking statements speak only as of the date of this report.



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This report has been prepared in accordance with GRI Standards: Core Option. This means that our reporting covers all the General Disclosures, as well as Topic-Specific Standards we deem material. In this GRI Content Index, we list our disclosures with

reference to the GRI Standards, and to the locations where disclosures are addressed in our annual reporting. The location references are complemented with additional information as needed, such as reasons for omissions.

TOPIC-SPECIFIC DATA BOUNDARIES

Impacts that make sustainability topics relevant to us may occur outside Canfor or Canfor Pulp. Others may only be material for some of our locations or operations. Those cases are specified in connection to the respective disclosure.

Unless otherwise stated, the scope of this report covers Canfor Corporation and Canfor Pulp Products Inc., including all consolidated subsidiaries

but excluding Canfor's 70%-owned subsidiary Vida. Information for Vida is separately disclosed in Vida's 2020 Sustainability Report. This report also excludes Canfor's 60% interest in Houston Pellet, Inc. See further discussion in Reporting Period, Organizational Boundaries and Methodology on [page 13](#).

ACRONYM LEGEND

SR	2020 Sustainability Report
AIF	2020 Annual Information Form ²⁷
AR	2020 Annual Report ²⁷
IC	2021 Information Circular (dated March 23, 2021) ²⁸

²⁷ References to Canfor's 2020 AR, AIF and 2021 IC include the consolidated results and management of Canfor Corporation which includes Canfor's 70%-owned subsidiary Vida and Canfor's 60%-owned partnership HPLP; however, the 2020 Sustainability Report excludes Vida and HPLP, unless otherwise indicated within the information included in this report.

²⁸ Reference to Canfor and Canfor Pulp's Information Circular references the Information Circular dated March 23, 2021, as the 2021 Information Circular reflects the update to the Joint Governance and Sustainability Committee responsibilities to include Sustainability governance. These updates reflect the importance of Sustainability topics to Canfor and Canfor Pulp.



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GENERAL DISCLOSURES

GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GRI 102: GENERAL DISCLOSURES 2016			
ORGANIZATION PROFILE			
GRI 102-1	Name of the organization	Canfor Corporation (Canfor) Canfor Pulp Products Inc. (Canfor Pulp)	
GRI 102-2	Activities, brands, products and services	Canfor AR: Company Overview (Page 6) Canfor Pulp AR: Company Overview (Page 4)	
GRI 102-3	Location of headquarters	Vancouver, BC, Canada Canfor AIF: Incorporation (Page 3) Canfor Pulp AIF: Incorporation (Page 3)	
GRI 102-4	Location of operations	SR: Company Profile (Page 10) Our Operations Canfor AR: Company Overview (Page 6) Canfor AIF: Business Segments (Page 8) Canfor Pulp AR: Company Overview (Page 4) Canfor Pulp AIF: Business Segments (Page 5)	
GRI 102-5	Ownership and legal form	Canfor and Canfor Pulp are publicly traded companies on the Toronto Stock Exchange under the symbols "CFP" and "CFX", respectively. Canfor AIF: Incorporation (Page 3); Corporate Structure (Page 4); Business Segments (Page 8) Canfor Pulp AIF: Incorporation (Page 3); Corporate Structure (Page 3); Business Segments (Page 5)	
GRI 102-6	Markets served	SR: About Canfor (Page 11) Canfor AIF: Business Segments (Page 8); Lumber Markets and Distribution (Page 14); CPPI Markets and Distribution (Page 16) Canfor Pulp AIF: Business Segments (Page 5); CPPI Markets and Distribution (Page 8)	
GRI 102-7	Scale of the organization	Canfor AR: Company Overview (Page 6); Overview of Consolidated Results (Page 16); Summary of Financial Position (Page 25) Canfor AIF: Human Resources (Page 15); CPPI Human Resources (Page 16) Canfor Pulp AR: Company Overview (Page 4); Overview of Consolidated Results (Page 10); Summary of Financial Position (Page 15) Canfor Pulp AIF: Human Resources (Page 9)	



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GRI 102-8	Information on employees and other workers	SR: Inclusion and Diversity (Page 44)	
GRI 102-9	Supply chain	SR: Supply Chain Management (Page 95)	We are reviewing our supply chain as it relates to our sustainability vision and strategy, and will continue to expand this disclosure in future reports.
GRI 102-10	Significant changes to the organization and its supply chain	Canfor AIF: Significant Events (Page 5) Canfor Pulp AIF: Significant Events (Page 4)	
GRI 102-11	Precautionary principle or approach	At Canfor, we endeavour to apply the precautionary approach ²⁹ to protect the environment. We are committed to responsible stewardship of the environment throughout our operations.	
GRI 102-12	External initiatives	SR: Memberships and Partnerships (Page 18)	
GRI 102-13	Membership of associations	SR: Memberships and Partnerships (Page 18)	
STRATEGY			
GRI 102-14	Statement from senior decision-maker	SR: Message from President & CEO (Page 3); Message from CFO, Canfor & Canfor Pulp, and SVP, Sustainability (Page 5)	
ETHICS AND INTEGRITY			
GRI 102-16	Values, principles, standard and norms of behaviour	SR: Our Approach to Sustainability (Page 20) Our values Canfor Governance Manual: Code of Conduct (Page 37) Canfor Board Mandate: Ethics and Integrity (Page 2) Canfor Pulp Governance Manual: Code of Conduct (Page 31) Canfor Pulp Board Mandate: Ethics and Integrity (Page 1)	
GRI 102-17	Mechanisms for advice and concerns about ethics	Canfor Governance Manual: Reporting of Concerns (Page 9); Reporting violations of the code (Page 45) Canfor Pulp Governance Manual: Reporting of concerns (Page 9); Reporting violations of the code (Page 44)	

²⁹ The United Nations introduced this approach in Principle 15 of the Rio Declaration on Environment and Development. It states that "where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GOVERNANCE			
GRI 102-18	Governance structure	Canfor Board Mandate: All Canfor Governance Manual: All Canfor AIF: Directors and Officers (Page 19) Canfor Pulp Board Mandate: All Canfor Pulp Governance Manual: All Canfor Pulp AIF: Directors and Officers (Page 11)	
GRI 102-19	Delegating authority	SR: Our Approach to Sustainability (Page 23)	
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	SR: Our Approach to Sustainability (Page 23)	
GRI 102-22	Composition of the highest governance body and its committees	Canfor AIF: Directors and Officers (Page 19) Canfor IC: Election of Directors (Page 7); Board of Directors (Page 26) Canfor Pulp AIF: Directors and Officers (Page 11) Canfor Pulp IC: Election of Directors (Page 8); Board of Directors (Page 26)	
GRI 102-23	Chair of the highest governance body	<p>Conrad Pinette was the Chairman of the Canfor and Canfor Pulp Boards during the year ended December 31, 2020. Mr. Pinette is not an executive officer of Canfor or Canfor Pulp. As of April 2021, John Baird is the Chairman of the Canfor and Canfor Pulp Boards. Mr. Baird is not an executive officer of Canfor or Canfor Pulp.</p>	
GRI 102-24	Nominating and selecting the highest governance body	Canfor Governance Manual: Joint Governance and Sustainability Committee (Page 20) Canfor IC: Nomination of Directors (Page 27); Board/Committee Assessments of Effectiveness and Renewal (Page 30) Canfor Pulp Governance Manual: Joint Corporate Governance Committee (Page 20) Canfor Pulp IC: Nomination of Directors (Page 28); Board/Committee Assessments of Effectiveness and Renewal (Page 32)	
GRI 102-25	Conflicts of interest	Canfor Governance Manual: Ethics and Conflicts of Concerns (Page 9) Canfor AIF: Directors and Officers (Page 19) Canfor IC: Board of Directors - Independence and Other Directorships (Page 26) Canfor Pulp Governance Manual: Ethics and Conflicts of Concerns (Page 9) Canfor Pulp AIF: Directors and Officers (Page 11) Canfor Pulp IC: Board of Directors - Independence and Other Directorships (Page 26)	



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GRI 102-26	Role of highest governing body in setting purpose, values and strategy	Canfor Board Mandate: Leadership (Page 1); Strategy (Page 5) Canfor Pulp Board Mandate: Leadership (Page 1); Strategy (Page 5)	
GRI 102-28	Evaluating the highest governance body's performance	Canfor Governance Manual: Self Evaluation (Page 8) Canfor IC: Board/Committee Assessment of Effectiveness and Renewal (Page 30) Canfor Pulp Governance Manual: Self Evaluation (Page 8) Canfor Pulp IC: Board/Committee Assessment of Effectiveness and Renewal (Page 32)	
GRI 102-29	Identifying and managing economic, environmental, and social impacts	Canfor IC: Joint Governance and Sustainability Committee (Page 29) Canfor Pulp IC: Joint Governance and Sustainability Committee (Page 30)	
GRI 102-32	Highest governance body's role in sustainability reporting	The executive management team and Canfor and Canfor Pulp Board of Directors reviewed the 2020 Sustainability Report	
GRI 102-33	Communicating critical concerns to highest governance body	Canfor Governance Manual: Reporting of Concerns (Page 9) Canfor Pulp Governance Manual: Reporting of Concerns (Page 9)	
GRI 102-35	Remuneration policies	Canfor IC: Compensation Discussion and Analysis (Page 15); Director Compensation (Page 22) Canfor Pulp IC: Compensation Discussion and Analysis (Page 14); Director Compensation (Page 23)	
GRI 102-36	Process for determining remuneration	Canfor IC: Compensation Discussion and Analysis (Page 15) Canfor Pulp IC: Compensation Discussion and Analysis (Page 14)	
GRI 102-37	Stakeholders' engagement in remuneration	Canfor IC: Compensation Discussion and Analysis (Page 15) Canfor Pulp IC: Compensation Discussion and Analysis (Page 14)	
STAKEHOLDER ENGAGEMENT			
GRI 102-40	List of stakeholder groups	SR: Engagement with Stakeholders and Partners (Page 16)	
GRI 102-41	Collective bargaining agreements	SR: Human Rights (Page 55) Canfor AIF: Human Resources (Page 15) Canfor Pulp AIF: Human Resources (Page 9)	
GRI 102-42	Identifying and selecting stakeholders	SR: Engagement with Stakeholders and Partners (Page 16)	
GRI 102-43	Approach to stakeholder engagement	SR: Engagement with Stakeholders and Partners (Page 16)	
GRI 102-44	Key topics and concerns	SR: Engagement with Stakeholders and Partners (Page 17)	



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
REPORTING PRACTICE			
GRI 102-45	Entities included in the consolidated financial statements	SR: About This Report (Page 13) Canfor AR: Reporting Entity (Page 68) Canfor Pulp AR: Reporting Entity (Page 42)	
GRI 102-46	Defining report content and topic boundaries	SR: 2020 Materiality Assessment (Page 24)	
GRI 102-47	List of material topics	SR: 2020 Materiality Assessment (Page 26)	
GRI 102-48	Restatements of information	SR: About This Report (Page 13)	
GRI 102-49	Changes in reporting	SR: About This Report (Page 13); 2020 Materiality Assessment (Page 24)	
GRI 102-50	Reporting period	SR: About This Report (Page 13)	
GRI 102-51	Date of most recent report	The date of the most recent previous report is September 2020	
GRI 102-52	Reporting cycle	Annual	
GRI 102-53	Contact point for questions regarding the report	Info@canfor.com	
GRI 102-54	Claims of reporting in accordance with the GRI standards	SR: About This Report (Page 13)	
GRI 102-55	GRI content index	GRI Content Index (this list)	
GRI 102-56	External assurance	External assurance has not been sought for this report	
GRI 103: MANAGEMENT APPROACH 2016			
GRI 103-1	Explanation of the material topic and its boundary	Approaches for GRI Standards Specific Topics as indicated below in this table are disclosed in each relevant section of the report and explains why they are significant.	
GRI 103-2	The management approach and its components	Each relevant section in the report discloses applicable strategies, policies, procedures and KPIs.	
GRI 103-3	Evaluation of management approach	Each relevant section in the report discloses how we evaluate the management of the topic, including results of evaluations and adjustments to the management approach.	



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GRI 201: ECONOMIC PERFORMANCE 2016			
GRI 201-1	Direct economic value generated and distributed	SR: Community Engagement (Page 61) In 2020, Canfor paid \$6.7 million in taxes, which consisted of a net refund of \$56.4 million in Canada, and taxes paid of \$31.3 million in the U.S., \$30.9 million in Sweden, \$0.7 million in Asia, and \$0.2 million in the UK. The tax payments included income tax, property tax, sales tax, employer health, carbon tax and severance tax. The net refund in Canada was the result of tax losses incurred in 2019 being carried back to prior years, with the total corporate income tax refund received in 2020 of \$54.5 million.	
GRI 201-3	Defined benefit plan obligations and other retirement plans	Canfor AR: Employee Future Benefits (Page 81) Canfor Pulp AR: Employee Future Benefits (Page 50)	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
GRI 203-1	Infrastructure investments and services supported	SR: Community Engagement (Page 61)	
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Canfor AR: Softwood Lumber Agreement (Page 54)	
GRI 301: MATERIALS 2016			
GRI 301-2	Recycled input materials used	Not applicable	Not applicable: Canfor is a primary forest products manufacturer. Canfor Pulp manufactures products from residuals, which are by-products of the lumber manufacturing process. Neither company uses recycled input materials that are not by-products generated by the organization.
GRI 302: ENERGY 2016			
GRI 302-1	Energy consumption within the organization	SR: Energy Management (Page 99)	
GRI 302-5	Reductions in energy requirements of products and services	Not applicable	Not applicable: Our sold products do not have energy requirements.
GRI 303: WATER AND EFFLUENTS 2018			
GRI 303-1	Interactions with water as a shared resource	SR: Water Management (Page 88)	



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GRI STANDARD NUMBER	INDICATOR NAME	LOCATION / DIRECT ANSWER	OMISSIONS
GRI 303-2	Management of water discharge-related impacts	SR: Water Management (Page 88)	
GRI 303-3	Water withdrawal	SR: Water Management (Page 90)	
GRI 304: BIODIVERSITY 2016			
GRI 304-2	Significant impacts of activities, products and services on biodiversity	SR: Sustainable Forestry (Page 74)	
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SR: Sustainable Forestry (Page 74)	
GRI 305: EMISSIONS 2016			
GRI 305-1	Direct (Scope 1) GHG emissions	SR: Climate Change (Page 80)	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	SR: Climate Change (Page 80)	
GRI 305-3	Other indirect (Scope 3) GHG emissions	Information unavailable	Information unavailable: Canfor is in the process of estimating our Scope 3 GHG emissions and will publish this information in a future report.
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	Not applicable: ODS are not material to our operations.
GRI 305-7	Nitrous oxides (NOX), sulfur oxides (SOX) and other significant air emissions	SR: Air Quality (Page 85)	
GRI 306: WASTE 2020			
GRI 306-1	Waste generation and significant waste-related impacts	SR: Waste and Residuals Management (Page 101)	
GRI 306-2	Management of significant waste-related impacts	SR: Waste and Residuals Management (Page 101)	
GRI 306-3	Waste generated	SR: Waste and Residuals Management (Page 103)	
GRI 306-4	Waste diverted from disposal	SR: Waste and Residuals Management (Page 103)	
GRI 306-5	Waste directed to disposal	SR: Waste and Residuals Management (Page 103)	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016			
GRI 307-1	Non-compliance with environmental laws and regulations	See "Environmental Compliance" sections within Planet and Products sections. (Pages 76,79,86,92,100,103)	



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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016			
GRI 308-1	New suppliers that were screened using environmental criteria	Information unavailable	Information unavailable: We do not currently track this information for all suppliers. We are reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports.
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Information unavailable	Information unavailable: We do not currently track this information for all suppliers. We are reviewing our supply chain as it relates to our sustainability vision and strategy and will continue to expand this disclosure in future reports.
GRI 401: EMPLOYMENT 2016			
GRI 401-1	New employee hires and employee turnover	SR: Inclusion and Diversity (Page 45)	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR: Safety, Health and Wellness (Page 34)	
GRI 403: OCCUPATIONAL HEALTH & SAFETY 2018			
GRI 403-1	Occupational health and safety management system	SR: Safety, Health and Wellness (Page 31)	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	SR: Safety, Health and Wellness (Page 32)	
GRI 403-3	Occupational health services	SR: Safety, Health and Wellness (Page 34)	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	SR: Safety, Health and Wellness (Page 31)	
GRI 403-5	Worker training on occupational health and safety	SR: Safety, Health and Wellness (Page 32)	
GRI 403-6	Promotion of worker health	SR: Safety, Health and Wellness (Page 34)	



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GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable	Not applicable: We do not have workers who are not employees, and whose work and workplace are not controlled by Canfor, where our operations, products or services are directly linked to significant occupational health and safety impacts on those workers by our business relationships. See GRI 403-1 to 403-6 on scope of workers covered by our OHS management system.
GRI 403-8	Workers covered by an occupational health and safety management system	SR: Safety, Health and Wellness (Page 31)	
GRI 403-9	Work-related injuries	SR: Safety, Health and Wellness (Page 35)	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
GRI 405-1	Diversity of governance bodies and employees	SR: Inclusion and Diversity (Page 46)	
GRI 406: NON-DISCRIMINATION 2016			
GRI 406-1	Incidents of discrimination and corrective actions taken	SR: Human Rights (Page 57)	
GRI 411: RIGHT OF INDIGENOUS PEOPLE 2016			
GRI 411-1	Incidents of violations involving rights of indigenous peoples	SR: Indigenous Relations (Page 53)	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
GRI 414-1	New suppliers that were screened using social criteria	Information unavailable	Information unavailable: We do not currently track this information for all suppliers. We are reviewing our supply chain as it relates to our sustainability vision and strategy, and will continue to expand this disclosure in future reports.
GRI 414-2	Negative social impacts in the supply chain and actions taken	Information unavailable	Information unavailable: We do not currently track this information for all suppliers. We are reviewing our supply chain as it relates to our sustainability vision and strategy, and will continue to expand this disclosure in future reports.